

BOSTON PUBLIC LIBRARY



3 9999 06656 947 4

9352

.1744a15

1938/40-1940/41

No 9352.1744<sup>a</sup>15

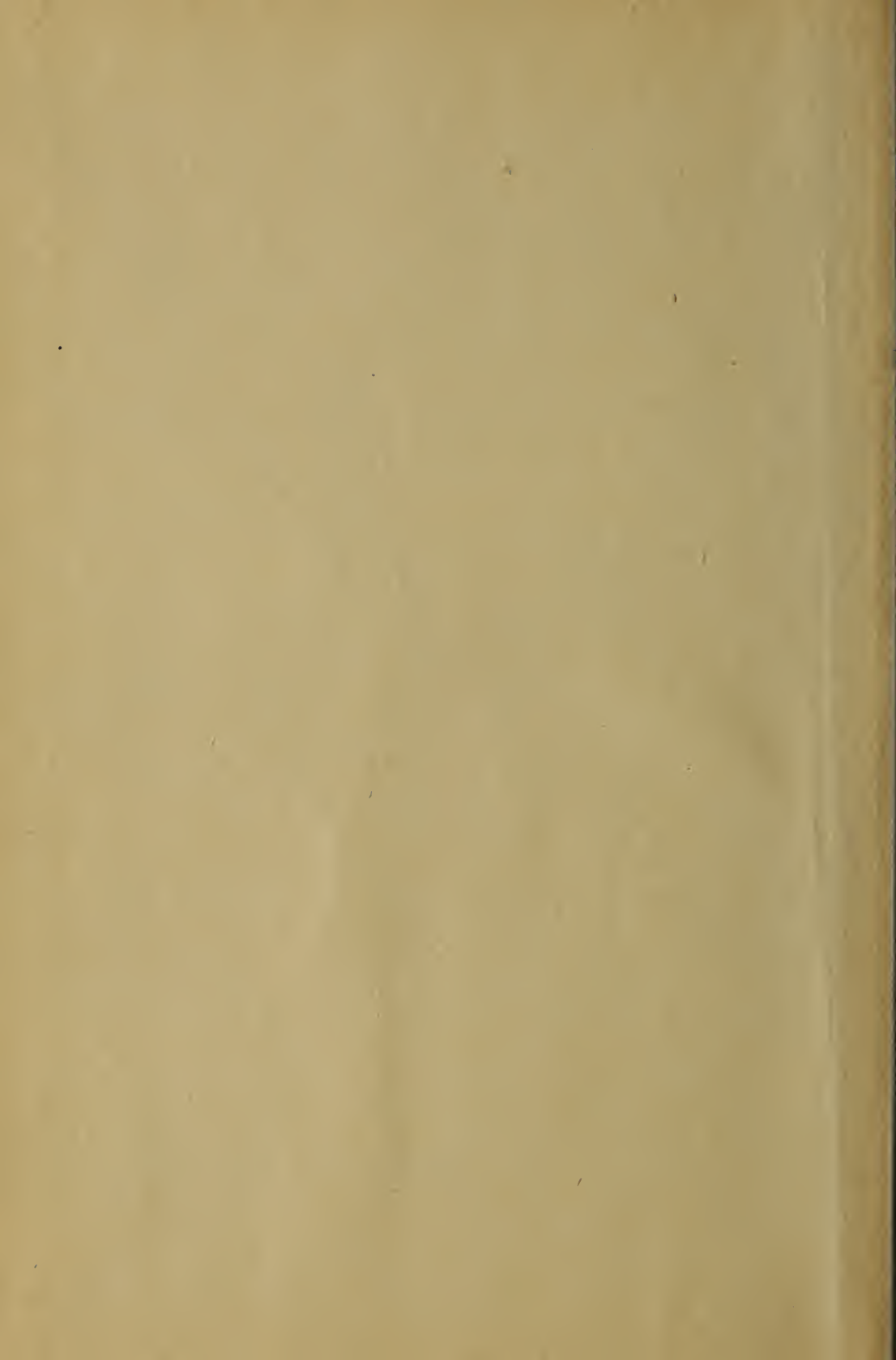
1939-40



GIVEN BY

Boston Finance Commission





# THE FINANCE COMMISSION

OF THE

## CITY OF BOSTON

REPORT TO THE LEGISLATURE FOR THE  
YEAR ENDING DECEMBER 31, 1939



CITY OF BOSTON  
PRINTING DEPARTMENT  
1940

#9352.1744a 15  
1939-40

(4)

9198  
4



# THE FINANCE COMMISSION

OF THE

## CITY OF BOSTON

---

REPORT TO THE LEGISLATURE FOR THE  
YEAR ENDING DECEMBER 31, 1939



CITY OF BOSTON  
PRINTING DEPARTMENT  
1940

✓



Boston Finance Commission

Mar 21, 1940

\*9352.1744x15

1939-40

10/21/41

YBABEL 13.809

ENT 30

NOF201 40Y 10



# REPORT TO THE LEGISLATURE.

---

BOSTON, January 31, 1940.

*To the Honorable the Senate and House of Representatives  
in General Court Assembled.*

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission of the City of Boston submits its annual report for the year 1939.

## I. ORGANIZATION OF THE COMMISSION.

During the past year there have been two changes in the membership of the Commission. On October 11, 1939, Governor Leverett Saltonstall appointed Mr. Charles M. Storey to succeed Mr. Joseph A. Scolponeti who had served from January 15, 1936. On October 23, 1939, Mr. Storey took the oath of office and was designated to serve as Chairman. On December 13, 1939, the Governor appointed Mr. Elias F. Shamon to the place left vacant by the resignation of Mr. Robert Robinson who had served from November 13, 1935, until December 5, 1939.

## II. APPROPRIATION AND EXPENDITURES.

The city government appropriated for the Commission for the year 1939 the full amount authorized by statute, \$50,000. The expenditures from this appropriation amounted to \$49,462.90, leaving an unexpended balance of appropriation of \$537.10.

The classification of the Commission's expenditures follows:

Permanent employees . . . . .	\$32,650 00
Printing and binding . . . . .	502 37
Transportation of persons . . . . .	50 14
Light and power . . . . .	118 43
Rent . . . . .	5,111 25
Communication . . . . .	408 56
Cleaning . . . . .	72 00
Fees . . . . .	20 00
Miscellaneous items and repairs . . . . .	32 85
Office equipment . . . . .	40 00
Library equipment . . . . .	78 00
Office supplies . . . . .	593 74
Ice . . . . .	45 00
Miscellaneous supplies . . . . .	11 75
Electrical supplies . . . . .	2 14
Hire of experts, etc., in special investigations . . . . .	9,726 67
<hr/>	
Total expended . . . . .	<u>\$49,462 90</u>
<hr/>	
Amount appropriated . . . . .	\$50,000 00
Amount expended . . . . .	49,462 90
<hr/>	
Balance unexpended . . . . .	<u>\$537 10</u>

### III. THE FINANCIAL CONDITION OF THE CITY.

The improvement which began in 1938 in certain items of the financial condition of the City continued in 1939. Maintenance expenses were again reduced, the outstanding debt obligations continued to reach lower levels, and the water service surplus was substantially increased.

On the other hand, total valuations of property for tax purposes continued to show decline, particularly real estate valuations. Collections of the 1939 levy were less than in the previous year, both in dollars and in percentage.

The Boston tax rate retained the lofty eminence, in comparison with other large cities, which it has occupied for many years. It is the highest among the large cities.

### 1. MAINTENANCE EXPENDITURES.

Although the available figures of actual expenditure in city departments under the control of the Mayor and in those few others for which he must likewise make appropriation may be slightly altered later by adjustments not yet made, the following totals may be accepted as approximately the final result:

	1938.	1939.
Total maintenance expenditures.....	\$39,787,509 79	\$40,270,840 23
Welfare expenditures.....	12,919,491 74	13,895,799 97
Maintenance, exclusive of Welfare.....	\$26,868,018 05	\$26,375,040 26

Exclusive of Welfare, therefore, the Mayor has again reduced maintenance cost, the amount this time being \$492,978.

The following table indicates the detail of the figures shown in the foregoing table under the welfare item:

	1938.	1939.
Public Welfare, Central Office.....	\$10,383,928 34	\$11,218,805 12
Temporary Home.....	10,178 42	9,608 80
Wayfarers' Lodge.....	16,116 67	14,374 32
Child Welfare Division.....	352,154 45	349,038 70
Soldiers' Relief Department.....	697,711 20	716,757 69
W. P. A. (City Departments).....	1,459,402 66	1,587,215 34
	\$12,919,491 74	\$13,895,799 97

The cost of the educational system was also reduced in 1939, as may be seen from this comparison:

	1938.	1939.
Total school maintenance.....	\$16,712,649 30	\$16,505,426 87

The reduction amounted to \$207,223.

Unlike the situation in respect to city and school maintenance, the county expenditure was greater in 1939 than in 1938. This was due in large part to the fact that the 1939 total includes the cost for a full year of the operation of the expensive court house addition. The 1938 expenditures covered the cost for only a few months.

The comparison of the totals for the last two years follows:

	1938.	1939.
County maintenance.....	\$3,583,795 70	\$3,724,485 32

The increase amounted to \$140,690.

## 2. TAX COLLECTIONS.

The total of the tax levy in 1939 was less than was the levy of 1938, viz., 1938, \$64,031,829.75; 1939, \$60,839,759.40. Collection in percentage was approximately one-third of one per cent less, being 77.460 per cent in 1938 and 77.102 per cent in 1939; in dollars, it was \$2,740,790 less, being \$50,059,439.16 in 1938 and \$47,318,649.25 in 1939.

The temporary inability of the City to collect any of the 1939 assessment against the South Station, the Old Colony Railroad and the Boston & Providence Railroad — \$455,235.06 — more than accounted for the percentage difference. Had these railroad taxes been paid, the per cent of collection would have been increased by approximately one-half of one per cent over the previous year.

The amount collected, in dollars, would still have been less in 1939 had the same percentage of collection been reached, because the total of the levy was less. This difference was accentuated by the cash abatements of 1939 assessments granted to December 31 — \$357,305.48. These abatements brought the amount receivable in 1939 to a total lower than was the original levy.

Previous to 1930, the percentage of the taxes of any year which were actually collected in that year was approximately 85 per cent.

### 3. PROPERTY VALUATIONS.

The 1938 tax rate was computed upon a total property valuation of \$1,550,407,500. The 1939 tax rate was computed upon a total property valuation of \$1,524,806,400, a net decrease of \$25,601,100.

Of special interest is the fact that the reduction in the valuation of real estate was greater than the reduction of total valuation. Real estate valuations had fallen off, at tax rate computation time in 1939, a total of \$35,428,200 from the figure of the corresponding time in 1938. A complete comparison follows:

	1938.	1939.	
Real estate valuation.....	\$1,437,589,900	\$1,402,161,700	\$35,428,200 reduction.
Personal property valuation.....	\$112,817,600	\$122,644,300	\$9,826,700 increase.

After the declaration of the rate in 1939, abatements of property valuation amounted to approximately \$9,000,000. This left total property valuation December 31, 1939, at approximately \$1,515,806,400.

A further reduction of valuations is still sought by many taxpayers and in large total amounts. It is obvious, therefore, that the downward trend will continue since there appears to be little prospect of any great offset caused by new construction. New construction authorized by permit from the Building Department, according to the values as given in applications, amounted to \$13,303,388 in 1939, as against \$6,268,009 in 1938. Yet the value of new construction as given in applications for building permits in the last previous era of prosperity was normally above \$40,000,000 annually.



## 4. CITY DEBT.

There is more consolation in the debt picture. Outstanding obligations as of December 31 were:

	1938.	1939.	Reduction.
Net bonded debt.....	\$132,990,717	\$131,425,837	\$1,564,880
Tax notes.....	14,000,000	12,500,000	1,500,000
Tax title loans.....	8,863,065	7,627,051	1,236,014
Total.....	\$155,853,782	\$151,552,888	\$4,300,894

Since the amount of the outstanding debt of any municipality and its relation to the property valuation, and the trend whether toward higher or lower figures, are of great importance in credit rating, this 1939 reduction, following as it did substantial reduction in 1938, will offset, in any comparison of the finances of the large cities, the unfavorable impression of Boston's financial condition caused by comparison only of tax rates. Without seeming to encourage a high tax rate, it is pertinent to record the opinion that a high rate and a low debt is preferable to a low rate and a high debt.

There is a little consolation also furnished by the better condition of the Water Division surplus and by the reduction in the East Boston tunnel deficit. The figures follow:

	1938.	1939.	Over.
Water surplus.....	\$654,998 45	\$866,683 12	\$211,684 67
Tunnel deficit.....	437,868 91	365,045 11	* 72,823 30

\* Reduction.

The Water Division surplus may be used for the retirement of any city debt if there is no outstanding water debt payment due. There happens to be a payment of \$100,000 on water debt to be provided in 1940,

which leaves approximately \$700,000 of the water surplus available for general city debt requirements.

The reduction in the tunnel deficit does not reflect substantially greater use of this public facility. Fifty thousand dollars is accounted for by new legislation which authorized a contribution from the Commonwealth of that amount.

The prospect of further immediate improvement in the debt situation is somewhat dimmed by the fact that the City in 1939 issued new serial debt to the amount of \$8,020,000, the first payments on which in 1940 will be greater in total than was the amount of serial debt upon which payment was completed in 1939.

An analysis of the serial debt issues of 1939 and their effect on the debt situation in 1940 follows:

PURPOSE OF SERIAL DEBT.	Amount Issued in 1939.	Term of Debt.	1940 Serial Payment.
Excess State Tax Funding.....	\$1,500,000	5 years	\$300,000
Overlay Reserve.....	1,000,000	15 years	67,000
P. W. A.....	345,000	20 years	19,000
Highways, Making of.....	100,000	20 years	5,000
Sewerage Works.....	120,000	30 years	4,000
New Fire Stations.....	50,000	20 years	3,000
Total.....	\$3,115,000		\$398,000
Serial Debt Extinguished in 1939.....			190,000
Net Requirement Increase in 1940.....			\$208,000
WELFARE.			
Municipal Relief.....	\$4,905,000	10 years	490,500
Net Increase in prospect.....			\$698,500

By this analysis it may be seen that the gain by the extinguishment of a particular amount of serial debt in 1939 is lost by reason of the fact that in the same year new debt was issued, payment of which in 1940 will be in an amount larger than was the amount required in 1939 for the extinguished debt.



#### IV. WORK OF THE COMMISSION IN 1939.

The work of the Commission in the past year related to a great variety of subjects which are susceptible of classification as follows:

1. Subjects investigated upon which formal reports have been or are to be made;
2. Inspection of the routine work of several departments.

In the first named class were matters such as the Boston Elevated Railway Company inquiry, an effort to seek means of eliminating the necessity for extraction from Boston taxpayers of large sums annually to meet a company deficit; the Atlantic avenue elevated structure controversy, where the Finance Commission had the double objective of blocking payment by the City of a large sum of money for the right to remove the abandoned structure from the highway, and of preventing expenditure of several million dollars on transmutation of the structure into an elevated highway; the effort to prevent the issuance of an order by the War Department which would compel the City either to eliminate the Meridian Street Bridge in East Boston or to erect a new bridge at a cost of \$3,000,000, with the possibility of still greater expenditure on other bridges; the exposure of collusion among contractors designed to fix the price for bituminous mixture paving; the exposure of "ambulance chasing" at the City Hospital; the necessity for revision of the courses of study and the assignments of the student nurses at the hospital; the advocacy of the establishment of a perpetual inventory system for all city and county departments; the proposal to transfer the custody of Deer Island House of Correction to the Commonwealth; the opposition to the plan to spend \$75,000 or more on an expensive decorative pavement on American Legion Highway.

In the second class were inspection and investigation of the work, methods and costs of maintenance and

construction in the various branches of the Public Works Department, the Park Department, the Institutional Departments and the Supply Department. Information produced by this work was occasionally brought to the Mayor's attention in conferences, and/or to the attention of the heads of the departments involved.

In all its relations with the Mayor and department heads the Commission continued to find the same degree of cooperation for which the Commission expressed appreciation in its last annual report.

In the following section of this report, it is the aim of the Commission to make comment particularly on the results, or lack of results, of particular efforts of the Commission and to give information not elsewhere disclosed relating to much of the work and the problems of the city departments. Incidentally, it will give an idea of the extent to which municipal administration has been dependent on W. P. A. and P. W. A. as well as reveal the wide scope of the Commission's activities.

## 1. BOSTON ELEVATED RAILWAY INQUIRY.

The interest of the general public in the financial affairs of the Boston Elevated Railway Company has grown to great proportions in recent years. Apparently it becomes greater each succeeding year.

When the company was operated as a private transportation corporation and gave service as required by the public at a low fare, the interest of the people was confined almost entirely to the quality of the service rendered. The fare was five cents and patrons of the service paid it with less reluctance than they paid taxes, because the service was necessary and the rate charged was small. The quality had to reach a low degree of efficiency before the general public, in any large numbers, became greatly agitated over it.

Wages, dividends, purchase and cost of equipment, plant upkeep, financing expense and the many other items which go into the daily considerations of those who operate a large corporation gave the average man

little concern. Worry as to whether or not the executives could match the payments for service with the receipts was only a company worry. Whether or not the investors in the corporation got their money back or got dividends was something for the stockholders and bondholders to think about.

The average man approved when the company employed more help, paid higher wages, or improved its facilities. It never occurred to him that it was any of his business to inquire or become interested in anything but the actual service available. Yet in the days of private operation almost all the residents of Metropolitan Boston were more or less dependent on the service rendered by the company.

The first change in the attitude of the public came when the reports of the company about the years 1916, 1917 and 1918 revealed the weak financial standing of the corporation. The company had exhausted its credit; its equipment was nearing the point where replacement was necessary and there was no new capital obtainable for replacement; and maintenance and operating costs were steadily increasing. The company was continuing to pay dividends; but, in order to do so, it had wiped out its reserves.

The company enjoyed a monopoly in the furnishing of electric transportation within Boston limits and in making Boston Proper accessible to many of the adjoining municipalities. If the company were forced to discontinue, in whole or in large part, ordinary living conditions of the people of Boston and their neighbors would be seriously affected, Boston being the workshop of a large percentage of the people of the entire metropolitan area.

Under these conditions, with the commercial life of Boston threatened with serious dislocation and when complete stoppage of regular means of transportation in Boston and between Boston and the City's neighbors would spell disaster, the Legislature came to the company's rescue. By surrendering control of the opera-

tion of the system to a public body, the company obtained the use of state credit and of taxpayers' money when necessary, which guaranteed continuation of dividends to the stockholders, gave security to the bondholders, and removed the fear of loss of wages from a large number of employees. More important still, it guaranteed to the people of the metropolitan area a continuation of transportation service. The fear of disaster to the City's commercial life was dispelled.

The Boston Elevated Railway Company was saved from extinction by the action of the Legislature. Under public management, the transportation system it operates has been made one of the best, in point of equipment and service, of any railroad in the country.

The people soon began to learn at what cost Boston and the Boston Elevated Railway Company were saved. Fares were increased, eventually to 10 cents from the customary nickel. This affected all car-riders whether they were property owners or not, and to many the payment of an increased fare became a burdensome item in their weekly budget. To property owners in the Metropolitan Transit District (fourteen municipalities served by the Boston Elevated Railway Company) it meant extra taxes, for the agreement between the Company and the State contained a provision that if ordinary receipts from the service did not provide enough to pay the cost of operation and dividends, the excess had to be assessed upon the taxpayers in the municipalities served.

To these two factors, more than to anything else, may be attributed the yearly growth in the interest of the average man in Boston Elevated Railway affairs.

The fact that even with a 10-cent fare and increased patronage the public trustees must still call upon the municipalities, through state offices, to help meet the cost is beyond the understanding of many people. It has provoked criticism, however unjustifiable, of the public trustees, of the stockholders, and, in fact, of



everyone who has any connection with the company, or whose duties include responsibility for checking or meeting company demands.

It is a mistake to believe as some do that the criticism of the company comes entirely from so-called chronic faultfinders, disappointed office-seekers, or discharged employees of the company. For many years those connected with the Finance Commission have been frequently asked, "Why don't you investigate the Boston Elevated Railway Company?" Those who have asked this question have come from many walks in life. They include both rich and poor, eminent and humble, and persons from the many different levels in between.

The question, therefore, as to whether or not the Finance Commission should undertake an investigation of the Boston Elevated Railway Company affairs has been debated for a long time. The prospect of the known expense of a worthwhile study and the insufficiency of the Finance Commission's appropriation, however, made the Commission hesitate.

When the city authorities were notified by the State in 1939 that they must collect from Boston taxpayers a sum greater by almost 50 per cent than was required by any previous assessment on the Boston Elevated Railway Company deficit account, demand for an investigation of "El" affairs became more vehement.

Under authority of the public control act the State Public Utilities Department had already investigated the cost of operation of the company. Several other investigations, principally by legislators, had taken place. The members of the Finance Commission were cognizant of all of them. In none of the reports emanating from these investigations, however, was there warning that a deficit must be expected as long as public control lasts, nor that the amount of the deficit would exceed \$3,000,000 per year. More than \$15,000,000 of taxpayers' money has been turned over to the Boston Elevated Railway Company in the last decade with little hope of return.

With these facts in mind, the Finance Commission finally decided that it would undertake a study of the Boston Elevated Railway Company and that it would ask the Mayor to join in sponsoring and in sharing the expense, which he agreed to do.

It is the hope of the Finance Commission that this study will reveal some means to relieve the taxpayers of a heavy annual burden which many of them consider unwarranted. If, however, the study produces only the conviction that an annual deficit must be expected and that the public trustees are powerless to avoid it, the air will be cleared of present suspicions. More intelligent consideration can then be given to the annual grist of proposed legislation affecting the Boston Elevated Railway Company.

The Finance Commission has employed Timothy F. Callahan as chief counsel to make the preliminary study. With a group of attorneys and a public accountant experienced in utility management, Mr. Callahan has been at work since August, 1939. The Mayor and the Finance Commission and counsel have been assured by the public trustees of the company's cooperation. Counsel and his assistants are now engaged in an examination of the books and accounts of the company and the records of the public trustees.

All expense of the study to date has been provided by the Finance Commission out of its regular appropriation. The Mayor has informed the Commission that the city government will add appropriation as needed.

It is expected that there will be definite results from this study within the present year.

## 2. ATLANTIC AVENUE ELEVATED STRUCTURE.

The Finance Commission, like many taxpayers and public officials, became alarmed at the introduction under city auspices of bills into the Legislature by which, if enacted into law, authority would be given to pay a large sum of money for the acquisition of the

abandoned Atlantic avenue elevated structure. The Commission learned that in pending negotiations on the matter the representatives of the stockholders of the Boston Elevated Railway Company were insisting upon payment, if possession of the structure were taken away from the company. The Commission believed and stated publicly that the stockholders' demand for substantial payment for the structure or for its retention, in order to preserve connection between the so-called north and south systems of the Boston Elevated Railway Company, was unwarranted morally and legally unenforceable.

The reports of the Finance Commission provoked controversy when the Commission contended that the Legislature under its police power could order the structure removed without cost to the City. Eventually the attorney-general, to whom the question was referred, decided that the Legislature could order removal of the structure, but should provide opportunity for a judicial review of the situation before actual demolition could take place, if the stockholders of the Boston Elevated Railway Company petitioned for it.

The Finance Commission has not changed its expressed opinions in this situation which are now a matter of public record. The Commission regrets that a method was adopted to prove the Legislature's right to order the structure removed which will keep the case in court in Massachusetts and probably before the Supreme Court in Washington for many years.

In this connection the Finance Commission desires to repeat the conviction expressed in its annual report a year ago that the elimination of the Atlantic avenue structure from the present highway will be a greater benefit to Boston property than transmutation of it into an elevated highway. Only time will tell whether or not anything more than the good roadway which Atlantic avenue can become by elimination of the elevated structure will ever be needed.



### 3. RECENT PAVING WORK.

#### (a.) *Public Works Department Paving.*

During the past two years the City of Boston has continued to make substantial progress in the resurfacing of streets. A total of 211 streets was paved in 1939, the area laid being 696,832 square yards. Adding to this figure 635,808 square yards laid in 1938, under the direction of the present administration, making a total of 1,332,640 in two years, it amounts to approximately 10 per cent of the street area of the City of Boston.

This is the largest amount of such work performed in any two-year period in recent history. It has gone a long way toward making up for the forced neglect of street work in the earlier years of the depression.

The cost of this work to the City in 1939 was approximately \$550,000. This is not, of course, the total cost of the work, but merely the amount of the City's contribution toward the cost. The balance was supplied by the Federal Government from its W. P. A. appropriation.

Representatives of the Finance Commission have cooperated actively with the Commissioner of Public Works and the Paving Division Engineer in developing means and methods for the proper performance of this vast amount of work. After some little controversy in the beginning, report of which has already been made, the work progressed harmoniously with Finance Commission inspection supplementing regular Public Works Department supervision. As a result, methods were substantially improved and the cost per yard was reduced. The saving to the City as a result of this cooperation amounts to a figure of no mean proportion.

Three types of pavement were used during the year, bituminous macadam and cement concrete, used mostly on suburban streets, and bituminous concrete, known as Type I, used generally on the main thoroughfares. The work of laying the bituminous macadam and the

cement concrete surfacing was performed by W. P. A. labor with the Federal Government furnishing the greater part of the material. Bituminous concrete, or Type I, was laid by the City under contracts requiring the contractor to furnish labor (except for rough spreading), material, equipment and supervision. Rough spreading of Type I was done by W. P. A. labor.

The Finance Commission believes the pavement obtained by the use of Type I bituminous mixture has been very satisfactory.

The Commission's first 1939 contribution to the paving situation was the charge that the City was purchasing thousands of tons of bituminous mixture without adequate inspection and analysis of material. The Commission alleged that, as a result, control of both the quality and the quantity of paving material had passed completely to the contractor. After a number of conferences with the Mayor and Public Works officials, at which the flaws in the prevailing practices were disclosed, the situation was cleared up to the satisfaction of the Finance Commission.

Next, the Commission placed before the Mayor evidence from which it was obvious that the small number of local contractors who owned mixing plants in the metropolitan area had taken over control of the price for laying bituminous mixtures. In a period of a few months, the cost to the City of Boston for such pavement laid had increased approximately 50 per cent under circumstances which indicated conspiracy or collusion among contractors. City officials admitted their suspicions of price fixing by contractors, but claimed inability to combat it.

The Finance Commission's exposure came at a time when, emboldened by the success of their efforts to raise prices in 1938, the contractors were about to force another substantial advance for the 1939 work. The lowest bid received for the first 1939 contract was \$6.66 per ton. The highest price paid in 1938 was \$6.25 per ton.

As a result of the Commission's investigation, the first 1939 bids were rejected. Arrangements were made by the Commission and the Public Works Department in cooperation to plan the work more efficiently, to award the contracts by districts for long periods, instead of by streets as needed, and to make more careful analysis of quality than had previously been the practice. The new methods forced the contractor into open competition with the result that the price of pavement was materially reduced. Whereas a low bid of \$6.66 had been rejected, awards by districts under the new conditions were made at prices varying from \$5 to \$5.77 per ton. On the latter basis the City obtained a saving of \$14,881 in the purchase and laying of 11,000 tons of this material.

In its observation of the paving work as it was being performed, the Finance Commission found that in many instances the character of the inspection was unsatisfactory. Many jobs were carried on when no city inspector was on the work. Supervision was left to the W. P. A. foremen and supervisors. Some of these men had had experience in this type of work. Others had not. The immediate consequence was that the subgrading was poorly done.

Poor and uneven subgrading affects the eventual cost because under such conditions either a larger quantity of surfacing material is required to fill the roadway to proper grade, or else the surfacing material must be spread too thin. Most of the instances observed by the Commission were cases where the subgrading failed to reach the proper grade. On W. P. A. projects it is the surfacing part of the job which the City pays for, and usually it is the most expensive part.

As an indication of how the eventual cost is affected by improper subgrading, the experience of the City on one job is offered. A resurfacing job in Adams square was divided into two parts. The work on the south side of the square was *not* adequately inspected. It

required one ton of surfacing material to cover 5.79 square yards. The work on the north side of the square *was* adequately inspected. One ton of material covered 7.84 square yards. Translated into dollars and cents, the surfacing on the south side cost \$0.904 per square yard, while the same type of pavement on the north side cost \$0.668 per square yard.

The Commission offers the following table of costs of laying Type I pavement on several streets to show variation in prices and the necessity for more careful supervision of work.

LOCATION.	Square Yards Laid.	Tonnage Used.	Square Yards Per Ton.	Cost Per Ton.	Cost Per Square Yard.
Beach street.....	6,663	1,076.00	6.19	\$5 24	\$0 846
Hanover street.....	2,548	475.00	5.36	5 24	0 976
Adams square, north side.....	1,037	132.25	7.84	5 24	0 668
Adams square, south side.....	1,266	218.65	5.79	5 24	0 904
Greenleaf street.....	1,756	247.45	7.09	5 24	0 739
St. Germain street.....	2,141	342.00	6.26	5 24	0 837
Savin Hill avenue.....	1,480	189.85	7.79	5 63	0 722
Francis street.....	7,428	1,074.22	6.91	5 33	0 771
Tremont street.....	6,724	1,093.22	6.15	5 33	0 866

It may be seen in the foregoing statistics that there is a substantial variation in the yardage obtained per dollar expended. This is accounted for by two factors:

1. The degree of accuracy of the grades of the foundation laid by W. P. A. labor.
2. The variation in price of the material due to the district lines.

When the large area of street surfacing repaved during the year is taken into consideration, it may be seen that improper subgrading will result in a very substantial excessive cost.

The lack of experienced inspection is due to the large number of projects being carried on at one time.



The gradual reduction in the number of inspectors, which has taken place within the last few years through the policy of not filling vacancies, has made it impossible to supervise properly all the work going on at one time.

(b.) *Park Department Paving.*

The Park Department has a substantial street area under its jurisdiction. Large sums of money are spent annually in the surfacing of park roads. The same firms which contract with the Public Works Department for paving frequently serve the Park Department.

When the Finance Commission exposed the practices of the contractors for the Public Works Department, it had a salutary effect on prices charged in the Park Department. After the issuance of the Finance Commission's reports, the price in the Park Department was reduced in competition to \$4.13 per ton. The work performed at the latter figure was of a high order and gave entire satisfaction.

This low price is in striking contrast to the prices previously obtained by the Public Works Department in open competition. The Public Works Department prices ranged from \$5 to \$5.77 per ton or from \$0.668 per square yard to \$0.976 per square yard in nine separate jobs. The price to the Park Department was \$4.13 per ton or \$0.645 per square yard.

The following statistics relating to the one contract let by the Park Department after *bona fide* competition had been obtained are interesting:

	Square Yards Laid.	Tonnage Required.	Square Yards Per Ton.	Cost Per Ton.	Cost Per Square Yard.
Columbia road (Preble street to Columbia Circle).....	22,867	3,568.45	6.40	\$4 13	\$0 645

The area paved under this one contract was larger than the area required to be paved in any one Public

Works Department contract, which accounts to some extent for the difference in price. This illustrates the advantage of including the amount of work to be performed in the fewest number of contracts.

(c.) *Pre-Mix Concrete.*

The Finance Commission also undertook a study of the situation relating to the supply of pre-mix concrete to the City. It was found that in 1938 the custom was to issue separate orders for quantities as determined by the necessities of each job. Prices received were believed to be higher than justifiable, and the Public Works Department tried to find a way to obtain a reduction. As a means toward that end, for a period of approximately sixty days orders were given to a selected firm at an agreed price.

The Finance Commission joined with Public Works officials in seeking a method of supply at a more satisfactory price.

Profiting by the experience with bituminous mixture contractors, the Public Works Department eventually adopted the method of estimating the total quantity which could be used advantageously in a period of months and asked for bids on that basis. The prices thus obtained ranged from \$0.98 to \$1.85 per cubic yard less than was paid under the 1938 contract.

In concluding this summary of the Commission's activities in paving work performed, the Commission desires to compliment the Public Works Commissioner and the division engineer in charge of paving and the chairman of the Park Board and his chief engineer for their sincere efforts to cooperate with the Finance Commission and for their zeal in improvement of conditions.

#### 4. WATER DIVISION WORK.

The Finance Commission devoted considerable time in the past year to observing the work of the Water Division of the Public Works Department.

The regular work of the Distribution Branch, consisting of installing new services and fire pipes, repairing leaks, caring for complaints, turning water on and off, freeing of stoppages in service pipes, etc., was performed in a manner which caused a minimum of delay and inconvenience to the general public.

A large increase in the amount of work required was occasioned by the resurfacing of many streets with the resultant resetting of hydrants, gate boxes and shut-off frames and covers, and the installation of new services by W. P. A. forces. The department machine shop and plumbing shop handled all the drilling and connecting of the new services, in addition to their regular work, such as the assembling and machining of gates, valves and hydrants. The Commission has the following observations to make on one important feature of the work.

Vacancies in "the repair gangs" of the Water Division having remained unfilled, the personnel has been so reduced that it has been necessary to engage the services of contractors to assist the department at various times in the repair of leaks and the laying and relaying of service pipes.

The present practice in this respect is to issue an order as occasion arises to one of six contractors selected by the Public Works Commissioner to "excavate to assist the department forces to make service pipe repairs or repairs to any other waterworks fixture," payments not to exceed \$400. For this purpose the City is divided into four districts. When water leaks are reported and no city force is available for their repair, work slips are issued to the selected contractor who bills for the work actually performed.

The amount involved on the orders issued during 1939 ranged from \$2,600 to \$6,800 per month. The total amount involved for the first eleven months of 1939 was approximately \$42,000.

The Finance Commission believes that the issuance of these orders in the amount of \$400 each for the same



type of work is in violation of the City Charter, because the department head has knowledge that the payments during each month will greatly exceed \$1,000 and in one year will amount to many thousand dollars. The charter requires advertised invitation for proposals when the cost is estimated to amount to or exceed \$1,000.

If the Public Works Commissioner adopted the practice of advertising for proposals on a unit price basis and awarded contracts to the lowest responsible bidder, it is likely that lower prices per unit would be obtained. At any rate such a method would be in conformity with the requirements of the City Charter.

During the year a total of 21,000 linear feet of pipe in sizes varying from 6 inches to 48 inches was either laid or relaid. The W. P. A. laid 17,500 feet, and the work of laying the remainder was divided between the department forces and private contractors.

The work of laying the 42-inch high-pressure service pipe in Huntington avenue, which had been started in 1938, was finished in 1939 by the laying of approximately 2,200 feet of this pipe.

Work was commenced during the year on the replacement of antiquated 30-inch and 36-inch pipe with a 48-inch steel pipe in Huntington avenue and Tremont street from the Brookline line to Castle square. This work is being performed by W. P. A. labor, all of the pipe being furnished by the Federal Government. 5,757 feet had been laid in Huntington avenue, Tremont and Parker streets up to December 1, 1939.

In the performance of the work on the first section the excavation and back-filling was done by W. P. A. labor. The Federal Government furnished the pipe. The labor of laying the pipe together with the welding, riveting and supervision was performed under a contract with the Baker Company at a price of \$2.65 per foot, awarded after advertising.

When the second section of the work was ready for laying of the pipe, proposals were advertised on the

same terms and the prices submitted were considerably higher than those previously paid. The lowest bidder was the Baker Company at a price of \$4.90 per foot. Subsequently, this bid was rejected and proposals were solicited requiring only the furnishing of *supervision of the laying* together with the welding and riveting of the pipe, the other labor to be performed by the W. P. A. force. As a result of this change, the lowest price bid was \$2.10 per foot. The contract was awarded on this basis.

#### 5. SEWER DIVISION WORK.

The Finance Commission has also investigated the work performed by the Sewer Service, a division of the Public Works Department.

This division has charge of the operation, maintenance and repair of 30.9 miles of intercepting sewer, 1,187 miles of common sewer, approximately 22,000 catch-basins; also one main pumping station and two automatic pumping stations which pumped approximately 35 billion gallons of sewage during 1939.

During the year the department built 6.94 miles of new sewer and surface drain, 213 catch-basins, 415 manholes, and rebuilt 66 catch-basins. With the exception of three jobs, which were awarded to private contractors and paid for entirely from City funds, this work was performed under a W. P. A. project, whereby the Federal Government furnished the labor and some material, and the City provided some material and the equipment.

Due to the large street area resurfaced by the Paving Division, the labor force of this department was required to perform considerable work in readjusting the grades of many manholes in the resurfaced area.

The department awarded two contracts for the cleaning of catch-basins, this work having been neglected for economy purposes during the past few years. With three catch-basin cleaning machines owned by the City, the department forces cleaned approximately 5,000 catch-basins in 1939.

A new overflow was constructed at Central Wharf to replace an old wooden structure, which had given considerable trouble and finally collapsed. The new overflow consists of a 6-foot by 6-foot concrete structure constructed for a distance of 650 feet at a total cost of approximately \$43,321. This job was done as a P. W. A. project; the Federal Government contributed 45 per cent of the cost and the City supplied the remainder.

The expenditure by the department in 1939 to December 1 was \$483,890.73 charged to the regular maintenance appropriation; \$344,916.44 charged to the Sewerage Works Loan, and \$26,705.10 charged against a P. W. A. appropriation.

#### 6. BRIDGE DIVISION WORK.

Many of the bridges spanning the waterways and railroads within the City are in serious structural condition because of the limited amount of repair of them during the past few years. The time has arrived when major repairs must be made on many of the bridges or else their use must be restricted to lighter loads.

Besides its regular operation and maintenance work during the past year, the Bridge Division rebuilt the Albany Street Bridge and the Berkeley Street Bridge, both between the Back Bay and the South Station, and made extensive repairs to the Boylston Street Bridge. These jobs were performed under contracts awarded after advertising and as P. W. A. projects in which the City contributed 55 per cent and the Federal Government 45 per cent of the cost. The City's cash contribution amounted to \$123,150.66. This does not include any charges for engineering service or supervision by city employees.

A plan is in process of development which contemplates the expenditure of W. P. A. funds on a five-year bridge renovation program involving a cost of possibly \$6,000,000. Included in the preliminary study were such proposals as the construction of an overpass for pedestrians at Old Colony avenue for the accommodation of the residents of Old Harbor Village; a new

footway under the Boston & Albany Railroad at Parsons street, Brighton, to eliminate a hazardous condition at that location; and a plan to relieve the traffic congestion at the Boston end of the Longfellow Bridge, resulting from the location of the Charles Street station of the Boston Elevated system at that point.

While the Bridge Service with P. W. A. assistance was engaged as above described, the Maritime Association of the Chamber of Commerce sponsored an effort to compel Boston to replace the old Meridian Street Bridge, which connects the western end of East Boston with Chelsea. This effort was brought to the knowledge of the Mayor by the receipt of an order to show cause at a hearing to be held by the local engineering representatives of the War Department why the City should not be compelled to provide at the location of the Meridian Street Bridge a horizontal clearance of 175 feet for vessels entering Chelsea Creek.

The manager of the Maritime Association of the Chamber of Commerce presented the proponents' side of the case at the engineers' hearing through numerous speakers representing the business interests which make use of the Chelsea Creek.

It was estimated by Public Works Department officials in opposition that the type of bridge necessary to meet this requirement would cost approximately \$3,000,000. Furthermore, it was pointed out that Federal expenditure for relocating the channel would be a necessary complement and that several hundred thousand dollars recently spent to deepen the present channel would be wasted. The Commission also expressed the fear that replacement of a new city bridge recently completed at a cost of \$600,000 and of a railroad trestle owned by the Boston & Albany Railroad might later be required, if full advantage were to be derived from the expenditure proposed in the Meridian Street Bridge situation.

The Finance Commission objected to the plan in reports to the Mayor and to the local Federal engineers. Copies of the reports were sent to the Secretary of War.



The Commission also interested numerous other organizations and individuals to join in opposition. Since the hearing was held in September, no official public announcement has been made in regard to the proposal. The Finance Commission, however, has brought to public attention that the Public Works Department had produced a plan by which the condition of the Meridian Street Bridge and the facilities of navigation at that point could be improved at considerably less expense to the City than would be necessary if the Maritime Association's original proposal were carried out.

The Finance Commission believes that those interested in preventing unwarranted outlay of municipal funds must continue to be watchful of developments in this situation. The Secretary of War has informed the Commission directly and through Massachusetts congressional representatives in Washington that he will give respectful attention to the point of view of all local interests before positive action by the War Department is decided upon.

#### 7. THE HIRE OF EQUIPMENT.

In recent years the City has spent a substantial sum for the hire of equipment such as trucks, steam rollers, steam shovels, compressors, electric welders, used in construction of public works, buildings, parks, etc. This equipment has been used in large part in connection with W. P. A. projects.

Two years ago the Finance Commission pointed out that the amount paid for the hire of compressors and welders in one department in a period of 15 months was equal to a sum which would buy outright three times the amount of the equipment hired. It has been the contention of the Finance Commission that considerable saving could be made by a proper supervision of hired equipment, and by cooperation among the city departments owning equipment whereby one department might borrow from another.

With this idea in mind the Commission spent considerable time during the past year observing the actual use of hired equipment. It was found that in many cases hired equipment was used for but a fraction of the time for which it was paid. In some such instances the fault lay in great measure with the lack of proper planning of the work.

In street work, for instance, a steam roller with scarifyer attached can rip up enough old pavement within two hours to keep a crew of W. P. A. shovelers busy filling trucks for a whole day. If work was planned so that several streets in one neighborhood could be paved at one time, the hired equipment might alternate between several jobs.

The rates of compensation for the hire of equipment are not exorbitant. On the contrary, the rates paid in some instances are so low that there has been criticism on that account. The 1½-ton truck is hired for \$1 per hour. This includes the pay of the driver and the furnishing of gas and oil. The price for rental of a roller is \$3 per hour. This includes the pay of the operator and the furnishing of gas and oil.

These rates were fixed by the City itself. There is an over-supply of owners of equipment who are ready to give service at these prices. That being the case, it can be assumed that the rates are fair.

However, if there is any justice to the claim that the rates paid are less than proper, the amount saved by the low rate is often counterbalanced by the generosity of the City in allowance for rental time; and whether or not the rate is fair, too liberal allowance for rental time is unwarranted.

The city officials, particularly in the Public Works and Park Departments, have installed systems for the control of the hire of equipment which are adequate for the purpose, if the employees in charge of construction work follow instructions. Nevertheless, the Commission found on numerous occasions that equipment was standing idly by on paid time and the prospect of

the next use was many hours away. After some such instances were called to the attention of the Public Works Commissioner, an employee was assigned to the task of making constant check on the use of hired equipment, with beneficial results.

In order that the abuse may be completely eradicated, it will be necessary for the higher executives of the City to support more vigorously those minor officials to whom is assigned the authority to drop equipment from the pay roll as the use of it is completed. On many occasions such minor officials fear the consequences of too great strictness in this regard, believing that the owner of the equipment may have substantial influence.

The Commission does not desire to give the impression that the higher executives of the City are at any time willing to pay for the rental of equipment longer than is actually necessary. On the contrary, the Mayor and the Public Works officials and the chairman of the Park Board have cooperated fully with the agents of the Finance Commission in efforts to reduce the amount spent for hired equipment. Nevertheless, it will make it easier for those whose duty it is to release equipment when there is no immediate use for it, if it is made plain to contractors and city employees alike that no influence will retain equipment longer than is necessary. The City's cost may be thereby reduced.

#### 8. NECESSITY FOR PERPETUAL INVENTORY.

The Finance Commission has tried—although apparently without success to date—to convince municipal officials generally of the necessity for a perpetual inventory of city property and supplies. The Commission made a report on this subject to the Mayor in the early part of 1939, but it has not produced any substantial result.

The Finance Commission is convinced that no system for the control of the purchase, delivery and proper use



of city property and supplies can be considered complete or adequate without a perpetual inventory. It is timely to state that if there had been a perpetual inventory of the property and supplies at the Charles Street Jail, the need for which was revealed by the Commission in 1933, much of the scandal relating to the purchase and use of property or supplies at the Jail in the past year would have been averted.

Department heads, in most instances, come and go with an administration. A new department head rarely has any idea of what property or supplies should be or are on hand when he takes over control, and there is no record in his department on which he can rely to give him complete information. Yet the responsibility for requisition for new property or supplies rests upon him.

In some instances conscientious executives have set up individual inventories. Within the past two years the City Auditor has directed a W. P. A. project which inventoried and labeled certain city property, principally equipment or furnishings. But neither the individual systems nor the auditor's inventory contain anything which will disclose on investigation that proper use has been made of all the property or supplies purchased over any given period.

The Finance Commission has argued that a perpetual inventory is indispensable to a department head; that it will supply the Budget Commissioner with a reliable basis for checking requests for appropriation; and, finally, that it will provide the City Auditor with a proper means of checking orders for purchase. It is almost unnecessary to argue that if records be kept, which can be inspected and verified at any time, showing the use of property and supplies, replacement in many instances will not be necessary as frequently as otherwise. Everybody at all familiar with the internal routine of corporations which employ thousands of individuals and which annually buy thousands of items of supplies, knows that this constant check is essential.

## 9. FEDERAL HOUSING.

The first Federal Housing project in Boston, completed and occupied, is now nearly two years old. Four other Federal Housing projects are under development. Several others have been promised. It has been estimated that the total expenditure in Boston for Federal Housing will reach \$50,000,000. What is to be the ultimate effect of this vast expenditure on privately owned housing properties, and on the City's financial problems, is a matter of individual opinion, but is the subject of much discussion.

Better housing at public expense for persons of the lower income bracket was advocated for many years prior to the economic catastrophe of 1929-30. In those earlier days there was also much public discussion of "slum clearance" work.

Public agencies here and there bought up areas which contained housing accommodations of a very low character and demolished the existing buildings. Public agencies, however, rarely — if ever — built new dwellings upon these areas, or on other sites to make up for the demolition. It was usually left to private agencies to supply the homes for those dispossessed by "slum clearance."

Public agencies turned the cleared slums into public ways, parks, or playgrounds and sometimes built public buildings upon them. In Boston, for instance, after the first "slum clearance" (planned by the City Planning Board) a new playground was built upon the site. Another "slum clearance" resulted in the Prado, off Hanover street, paid for by the funds of the George Robert White Trust.

Federal Housing began as a means of relieving the general unemployment that came with the business depression of the 30's. In the early days of this spending Federal Housing projects did not actually involve "slum clearance." A primary purpose was to give

employment — employment to workers engaged in production and supply of materials; to artisans of all kinds in the constructive use of materials; and, by restoring the unemployed to earning levels, and thereby providing them with money to spend, to those in many other lines of business which had also suffered.

Federal Housing is one thing. "Slum clearance" is another, and the one does not always include the other. The one provides dwellings where people of small income can live in modern, clean comfort. The other wipes out dwellings deemed not fit for habitation.

Sometimes "slum clearance" and Federal Housing have gone hand in hand, but not always. The first Federal Housing project in Boston, the Old Harbor development, did not include any "slum clearance." The Federal Government bought up an area used largely for dump purposes and built dwellings upon that. The possibility of the investment of private funds for dwelling houses in that area was very remote. The cost of development to private investors was prohibitive.

For the later Federal Housing projects, the government required replacement of dwelling property but chose sites containing dwellings which could not all be classified as "slums." There were many which approached unfitness for healthful living; but there were others, well kept and modernized, which prosperous tenants gave up unwillingly.

Naturally those fortunate enough to become tenants of Federal Housing have the advantage of modern comfort and clean, healthful living conditions at low rental cost; but it does not always follow that those dispossessed by "slum clearance" are among them.

The Finance Commission has been importuned by many taxpayers to investigate the Federal Housing projects. What have they cost the City — and — What are they going to cost the City — are the usual questions people want answered.

It is not within the province of the Commission to pass upon the merits of Federal Housing. Congress and the Massachusetts Legislature have already done that.

The Congress of the U. S. A. authorized Federal Housing and made funds available for it. The Massachusetts Legislature chartered the Boston Housing Authority as a separate corporation to carry out these projects for the Federal Government. As long as Federal spending on housing continues, the Federal Government provides its own audits and checks of the expenditure. Years ago the Finance Commission offered its cooperation in check-up of expenditure to Federal agencies, but nothing came of it.

Congress, however, requires municipal administrative cooperation for each project, and some municipal financing. The Massachusetts Legislature authorized the expenditure of municipal funds for them. This authorization and the acts of the City under it bring into play the powers of the Finance Commission in regard to Federal Housing. As a result, the Commission can inquire as to the necessity for, and the actual expenditure of, city funds for Federal Housing. Beyond all that the Commission has the right to look forward and to try to ascertain what is to be the effect of Federal Housing on Boston finances. Owners of private property, from whom the municipal taxes are collected, want to know what the future has in store for them as the result of Federal Housing.

Because the one project completed is but a fraction of the whole program, it is impossible at the present time to do more than guess the ultimate effect. The Commission is unwilling to base an opinion on guesswork.

The Commission can, however, give figures relating to municipal outlay to date.

(a.) *Old Harbor Improvement.*

The property taken for this project was valued for assessment purposes in 1935 at \$327,300. Had this



property remained at that value in the years subsequent to 1935 and in private ownership, the amount of taxes payable in each year would have been:

1936	.	.	.	.	.	.	.	\$12,437	40
1937	.	.	.	.	.	.	.	12,666	51
1938	.	.	.	.	.	.	.	13,517	49
1939	.	.	.	.	.	.	.	13,059	27
									<hr/>
									<u>\$51,680</u> 67

The City received nothing in taxes from this area for 1936 and 1937. For 1938 the City received \$10,000 as the result of an agreement by the Housing Authority to pay \$15,000 per year in lieu of taxes. The Old Harbor project was occupied first on May 1, 1938, and \$10,000 was deemed to be the share payable in 1938 by the terms of the agreement. For 1939, the Housing Authority paid \$15,000.

In lieu of taxes, therefore, to date the City has received \$25,000 from the Old Harbor Development.

The City has spent \$95,064.54 for the installation of public services in connection with this development. This service included sewers and water.

The \$15,000 annual payment is not intended to be a return of the cash spent by the City in installation of public services, but merely to cover annual charges for maintenance. When the City constructs an accepted street, or installs service in an accepted street, the law permits the City to charge the whole cost with certain exceptions against the abutters as betterment assessments. It is Boston practice never to assess more than 50 per cent of the cost, and in many instances charges of even that amount are abated in whole or in part.

Since the beginning of the Old Harbor Village project, the City of Boston has paid a total of \$33,388.47 for administrative expenses of the Boston Housing Authority on bills which are on hand in the City Auditing Department. In addition, the City has transferred \$25,111.53 directly to the Housing Authority for administrative



expenses. This makes a total of \$58,500 of City funds already credited to Housing Authority administrative expenses.

(b.) *New Housing Projects.*

Four other housing projects are now in process of development. There is a second one in South Boston, one in Charlestown, one in Roxbury, and one in the South End.

The property taken for the four projects now being developed has ceased to contribute taxes to the City. The valuation of these in the last year of their assessment by the City was:

Second South Boston project . . . . .	\$905,400
Charlestown project . . . . .	1,110,700
Roxbury project . . . . .	1,096,100
South End project . . . . .	353,700
	<hr/>
	\$3,465,900
	<hr/>

The amount of taxes payable on these properties in 1939 was \$138,289.41. Substantially all these taxes have been received by the City.

The agreement between the City and the Housing Authority provides that the City will receive  $4\frac{3}{4}$  per cent of all shelter rentals collected from the completed projects in lieu of taxes. What this will amount to in dollars and cents is not yet ascertainable.

There have been some reactions to the development to date which have caused uneasiness. As a means of furnishing employment, public housing has been successful; it has already made progress in "slum clearance" also; but some of the tenants who were dispossessed by governmental seizure of their properties have had difficulty in finding new homes at satisfactory rentals.

Another angle to the general situation is that some owners of property which bring modest rentals are fearful that they will be tenantless when all these housing developments are completed. Some fear that housing development at public expense will discourage

private investors from future building of low rent homes. In that event the spread of future taxes will be over a lesser volume of improved property with a consequent increase in rate of taxation.

If the trend toward Federal Housing is to continue and more taxable property is to pass from private hands into those of the Housing Authority, the facts enumerated above give indication of the size of the contribution which the City must make for public housing.

The task of arranging for and supervising the immense amount of detail involved in the housing projects is the duty of an unpaid board or commission. Skillfully and intelligently to carry on the simultaneous development of these large projects requires ability and experience, and should demand the full time of the executive in charge. The Finance Commission queries whether it is unreasonable to expect this combination from an unpaid official.

The present chairman of the Boston Housing Authority holds another city position, that of Superintendent of Supplies. The latter position also requires great skill and experience if the duties of it are to be adequately performed. The city government has made its own appraisal of the importance of the job and of the skill and experience required when it established the salary of the occupant at \$7,000.

Obviously, one man can scarcely do justice to both positions. The Finance Commission has previously pointed out that the work involved in the purchase of city supplies needs experienced direction constantly. Such direction must be delegated to subordinates, if other duties take up the major portion of the time of the Superintendent of Supplies.

The Finance Commission believes that one man should not hold both positions. In fairness to whoever holds the position of chairman of the Boston Housing Authority, suitable compensation should be provided for him.

## 10. CITY HOSPITAL.

The Finance Commission continued in 1939 a close scrutiny of matters relating to the management of the City Hospital. One subject of major importance reported upon related to the proper and economical education of student nurses, and to the hours of employment and assignments of graduate nurses. Another was a follow-up of disclosures made in 1938 of unethical practices by members of the legal and medical professions in soliciting business from persons brought to the hospital for treatment as a result of accidents. The latter disclosures related to what is commonly described as "ambulance chasing."

*(a.) The Nursing Situation.*

In its study of hospital practices in respect to the education of student nurses, the Finance Commission found that great emphasis was being laid on the higher education of this part of the hospital personnel; and that because the amount of funds available for nurses was insufficient to provide such a degree of education and at the same time give appropriate bedside nursing, controversy had developed within the hospital's organization. On the one hand, the directors of the nursing school resented limitations placed on expenditure for student education. On the other, hospital executives and others complained of an insufficient number of working nurses in the wards.

The Commission sought advice and information on the question at issue from executives of several nationally known hospitals, nursing schools, and nurse organizations, and from public officers in several states having jurisdiction over the registration and regulation of nurses. The Commission concluded that apparently the aim of the directors of the nursing school at the hospital was to give a degree of education similar to that given by those university nursing schools which graduate nurse-executives; that this was beyond the

legal powers of the Boston City Hospital which was permitted only to furnish medical treatment and hospital care to the sick or injured; and that the nursing school was made a part of the hospital organization only as an economical means of obtaining satisfactory bedside nursing.

The Commission recommended that the hours of service of the student nurses be reduced, that the period of classroom assignment be shortened, that the student nurses begin earlier in their period of training to obtain ward experience in the actual care and nursing of patients, and that the requirements for admission to the nursing school be lightened so as to make it possible to obtain more applicants for the student courses, and thus reduce the quota of graduate nurses.

With respect to graduate nurses the Commission recommended a reduction in the number of hours of service to conform with standard practice in comparable hospitals.

The hospital trustees accepted the report with a statement that they were heartily in accord with the recommendations of the Finance Commission and with promise to make changes in such manner and at such time as would least interfere with the regular routine of the hospital.

To judge from the comment received from many informed sources, the changes recommended met with general approval.

A substantial increase in the appropriation for nurses which had been debated by members of the City Council and the hospital executives was deferred indefinitely. Since issuance of the Finance Commission report on this subject, the time required for lectures and reading for the student nurses during the training course has been reduced by approximately one hundred hours. As this reduction has been applied to the assignments of the students, it has accomplished little in providing more bedside nursing care.



Applicants for admission to the school of nursing still must meet the very high entrance requirements which were generally disapproved by informed opinion. The Finance Commission finds that the period of preliminary training is still six months, though the state requirement is considerably less. The practice of allowing the students, during this preliminary period, to devote only a minimum of time on the wards to bedside care is retained.

The student taking the Boston City Hospital course devotes the first four months of training almost entirely to lectures and required reading at the hospital, and to laboratory work at Boston University. The latter part of this education continues to cost the City of Boston about \$5,000 annually. Beginning with the fifth month the students spend 30 hours a week in the wards. In other comparable hospitals, the students go on the wards for 36 hours each week after only three months of preliminary training.

In September, 1939, the nursing school executives admitted 103 applicants to the school. At the present time only 76 of these remain. Practically all of the 27 who were forced to withdraw did so because of scholastic difficulties. Such substantial elimination affects the efficiency of the nursing service and handicaps the students eliminated. The record that one has been dropped from the Nursing School of the Boston City Hospital for scholastic reasons practically bars the student from re-entering any other worthwhile school. The high scholastic requirements also continue to be embarrassing to those attending the local school through affiliation.

The Finance Commission pointed out that by lowering the requirements of admission to the standard which the State approves, and which would permit adequate nursing, affiliation with other hospital schools would not be necessary to the same extent as formerly. Student nurses of the Boston school can supply the need in bedside care better than can affiliated nurses,



so-called. Affiliated nurses are available for limited assignment only. The complaint from affiliated hospitals has been that the affiliated nurses are not used exclusively for the purposes for which they are sent to the Boston City Hospital.

Because of dissatisfaction with the educational policy of the local school, affiliation was withdrawn by one important local hospital which annually sent twenty students for nine months' affiliation in male surgery, and by a hospital in another city which annually sent twenty students for experience and study in contagious diseases. The loss of these affiliations meant much to City Hospital nursing, particularly inasmuch as the deficiency was not made up by acceptance of more students in the local school. It forced acceptance of students in smaller groups from numerous other schools and worked to the disadvantage of the Boston school.

As a result of the failure to date to bring the Boston school to a level in nurse education which state supervisors consider adequate for the needs, it is likely that in the near future there will be more agitation for allowance for a greater number of graduate nurses. This can be avoided if the hospital trustees will insist on operation of the nursing school as the needs require.

(b.) *"Ambulance Chasing" at City Hospital.*

The Finance Commission made no new investigation of "ambulance chasing" in 1939, having exposed the practice in a report to the Mayor late in 1938. At the request of the City Council, however, the Commission made inquiry from time to time of progress, if any, in the efforts to stamp out "ambulance chasing."

It was the purpose of the Commission in making its original exposure not to establish the full extent of the practice with names, dates, etc., but to reveal enough to the hospital trustees to convince them of the existence of an unhealthy situation with full expectation that with their greater opportunity as managers of the

hospital they would inform themselves of the extent of the practice and take necessary measures to eradicate it.

The charges made public by the Finance Commission revealed that some lawyers, at least one member of the medical staff, and probably other employees of the City were involved in efforts to obtain for a small clique a preference in handling the affairs of victims of accidents brought to the hospital for treatment.

The Commission believes it important at this time to state what the trustees have done.

The Finance Commission report on the subject was given to the hospital trustees on December 1, 1938. On December 12, 1938, the hospital trustees sent a copy of the report to the chairman of the grievance committee of the Boston Bar Association and requested appropriate action.

The trustees also on December 12, 1938, voted new rules intended to prevent promiscuous visits to patients by persons having only a selfish interest in their affairs; they instructed members of the medical and surgical staffs and the nursing staff to report irregularities relating to hospital administration; they regulated transfer of patients from one doctor to another and from one ward to another.

In respect to the one doctor accused by the Finance Commission, the trustees decided that inasmuch as he had heeded a warning given him by the superintendent of the hospital to discontinue questionable practices some months before the issuance of the Finance Commission's report, no further action was necessary in his case. The trustees, therefore, did not send any portion of the Finance Commission's report to any medical body having disciplinary powers corresponding to those of the Bar Association.

The Bar Association proceeded in its customary manner. As a result, it has now entered in the Supreme Court a petition for disbarment against the lawyers accused by the Finance Commission and the papers have been impounded by order of the Court.

The Finance Commission believes that as the result of the public reaction to this situation and the steps taken by the hospital executives, as stated above, "ambulance chasing" has been stamped out. How long it will remain so depends upon the vigilance of the hospital authorities.

There is, however, a situation somewhat related to "ambulance chasing" which is worthy of attention. It has been reported to the hospital authorities that information has come to the Commission that some doctors on the staff at the hospital are regularly retained by particular insurance companies. In this situation, an official report of a hospital patient's injuries or sickness may be biased without the knowledge of the patient or those selected to advocate his interests, if it should happen that the hospital physician who makes the report is in the pay of the insurance company which has to defend against a claim for damages by the patient.

In the interest of the fair presentation of the facts relating to the injuries of those brought to the hospital for treatment, it would seem that the hospital trustees must establish the extent of these dual capacities of hospital physicians, and regulate their conduct as the ethics of the situation require.

#### 11. THE SURVEY COMMITTEE.

Late in 1939 members of the City Council questioned the value to the City of the work performed by the Survey Committee. Some councilors attempted to abolish it by refusing further appropriation, the amount originally voted having been exhausted.

The Finance Commission has been in close touch with the work of the Committee since its inception in 1938. It has been the Commission's observation that the agents of the Committee have served a good purpose by attempting to locate spots in administration which needed improvement, and to obtain improvement; and particularly by investigating for the Mayor sug-

gestions for improvement, including those contained in official reports by the Finance Commission.

By custom and tradition the Mayor of Boston must, by virtue of his office, give substantially of his time and energy to many matters not directly relating to municipal administration. It is expected of him. Usually benefit to the City results therefrom.

At the same time the Mayor is faced daily with administrative problems which are numerous, complicated and time-consuming. He must attend to them promptly and adequately. He cannot fulfill his obligations by merely passing on to department heads all suggestions for changes in old practice or for new practice. Most department heads are dependent on subordinates for advice on matters within their jurisdiction. Subordinates frequently become so accustomed to the established method of procedure that they are not open-minded when suggestion is made by other agencies of a different method.

Any mayor should, therefore, have under his own control an agency which can examine situations, obtain data, weigh suggestions and initiate reforms which have been determined on and observe their subsequent operation. It was to supply this need that the bureau known as the Survey Committee was created. It has proven its usefulness in many ways.

It is a little early to do more than draw attention to an effort which the Survey Committee has made to modernize and tighten the accounting system of the City. At its suggestion, a group of accountants have voluntarily conducted examinations of the accounting systems in the various city departments and have made a report of their findings to the Mayor. These reports have shown that the accounting methods of the City in general have not kept up with the times, and have also shown considerable looseness in the method of accounting for income from city fees.

For the time being, the accountants who have been giving their services have returned to their own private affairs, but it is the expectation of the Survey Com-



mittee that after the tax returns and accounting which necessarily follow the close of the calendar year have been disposed of, they will have time to go further into the City's accounting problems.

The Finance Commission believes that a good beginning has been made, but that if the reforms suggested are to be actually put into effect, pressure will have to be exerted by the Mayor upon the department heads whose present methods have been subjected to criticism.

## 12. SCHOOL AFFAIRS.

The taxpayers can again take satisfaction from the results obtained in the administration of the affairs of the School Buildings Department. A very large amount of work necessary for the proper upkeep of the hundreds of buildings used for school purposes has been performed in a manner which has provoked no criticism and, considering the aggregate of it, at a cost eminently satisfactory to the municipal taxpayers.

The Legislature has for many years limited the amount which can be appropriated for alterations and repair of school buildings and for land and buildings for additional accommodations. Under this authorization, the department might have received by appropriation in 1939 \$1,335,395.67 for repairs and alterations; and \$785,526.85 for land and buildings.

However, there was appropriated \$744,253 for alterations and repair. Of this, \$692,640.85 was spent, leaving unexpended \$51,612.15.

There was appropriated \$76,753 for land and buildings for expansion. Of this, \$73,298.84 was spent, leaving unexpended \$3,457.16.

The number of mechanics engaged in school repair work varied from a total of 2,686 in one month to 1,073 in another. The funds for the payment of their salaries came from W. P. A.

It is worth while to give here a list of the items of work performed by W. P. A. forces during the year, because it indicates types of work ordinarily required for upkeep of property and ordinarily provided for



out of city appropriation. It suggests the thought that W. P. A. in this instance saved the City from the necessity of extracting a very large amount of money from the taxpayers.

Under W. P. A. projects the following work was performed:

123 buildings were painted.

34 school yards were graded and resurfaced. New retaining walls and fences were installed to a total of 55.

In five school buildings defective boilers were replaced and the heating and ventilating systems improved.

New sanitation systems were installed in three school buildings.

All of the roofs which were damaged by the hurricane were repaired and put in first-class condition.

In 63 buildings new maple flooring was supplied in classrooms and corridors.

Additional school accommodations were provided in two high schools by excavating large areas in the basement. This additional space will provide well-lighted shops.

22,000 window shades were manufactured and installed in school buildings throughout the City.

In addition to the help received from W. P. A., advantage was also taken of P. W. A. Additions to four schools were completed as P. W. A. projects. Of a total cost of \$606,570.54, the amount of cash furnished by the City was \$333,613.80.

In the purchase of materials and in the hire of equipment, both of which are provided in this department on its own initiative without recourse to the assistance of the Supply Department, the Commission has noted a continuation of the sound practices begun in 1938.

### 13. REPORT ON BUDGET PRACTICE.

Late in the year the Commission developed reports which expressed opinions as to changes in statute needed to correct defects in current budget practice. The Commission was invited to express its views on this subject to a special recess commission created by the 1939 Legislature. One report relating to budget

practice, etc., for the departments for which the Mayor must make up a budget was issued just before the close of 1939. The other which was concerned with the budget practices of the School Committee was issued shortly after the beginning of 1940. Because the reports are on related matters, it is deemed advisable to include both in the work of 1939.

The formal reports of the Commission in the year 1939 were as follows:

- Jan. 28, 1939. To the City Council. Report on charges made in regard to acceptance by the Council of a legislative act abolishing private taxi stands in the City of Boston.
- Feb. 1, 1939. To the Mayor. In regard to question of giving approval to an application for a permit for dog-racing at Readville Trotting Park.
- Feb. 2, 1939. To the Mayor. Second report in regard to approval of application for a permit for dog-racing at Readville Trotting Park.
- Feb. 21, 1939. To the Acting Mayor. In regard to conditions with respect to nurses at the City Hospital.
- March 8, 1939. To the Mayor. In regard to the need for a perpetual inventory of city supplies and equipment.
- March 21, 1939. To the Governor. Recommendation favoring the transfer of custody of Deer Island House of Correction from the County of Suffolk to the State Department of Correction.
- April 6, 1939. To the Mayor and City Council. Relative to the nursing situation at the City Hospital.
- April 17, 1939. To the Mayor. Relative to the nursing situation at the City Hospital.
- May 9, 1939. To the Governor. In relation to the report of the Commissioner of Correction regarding proposed transfer of custody of Deer Island House of Correction to the State.
- May 12, 1939. To the Mayor. Opposing expensive redecoration of the American Legion Highway in Dorchester.
- May 16, 1939. To the Mayor. In relation to plan for beautification of the American Legion Highway in Dorchester.
- May 26, 1939. To the Mayor. In relation to contracts for the repair, patching and renovation of streets.
- June 3, 1939. To the Mayor. Relating to an investigation of the Boston Elevated Railway Company and Atlantic avenue elevated structure.
- June 15, 1939. To the Mayor. In relation to contracts for the repair, patching and renovation of streets.
- June 16, 1939. To the Mayor. Second report in regard to the elevated structure on Atlantic avenue.

- June 26, 1939. To the City Auditor. Regarding a bill for work performed in the Summer Street Station of the Washington Street Tunnel for the Sewer Service.
- June 27, 1939. To the Mayor. Third report in regard to the elevated structure on Atlantic avenue.
- June 29, 1939. To the Mayor. Fourth report in regard to the Boston Elevated Railway situation.
- July 7, 1939. To the Mayor and City Council. Relative to the expenditures of the Court House Commission in the erection of the new court house building.
- July 14, 1939. To the Mayor. Submitting a statement in regard to proposed study of the Boston Elevated Railway situation.
- Sept. 1, 1939. To the Mayor. Opposition to plan to alter Meridian Street Bridge across Chelsea Creek between East Boston and Chelsea.
- Sept. 20, 1939. To Colonel A. K. B. Lyman, engineering representative of the War Department. In relation to the plan to change navigation conditions in Chelsea Creek.
- Sept. 21, 1939. To the Mayor and City Council. In regard to "ambulance chasing" at the City Hospital.
- Oct. 9, 1939. To the City Council. In relation to an alternative solution of navigation difficulties at the Meridian Street Bridge, East Boston, offered by the Public Works Department.
- Dec. 4, 1939. To the City Auditor. Regarding purchase of water coolers for the Court House.
- Dec. 20, 1939. To the Suffolk County Court House Custodians Department. Relative to the purchase of a safe for use in the office of the Clerk of Probate in Suffolk County.
- Dec. 27, 1939. To the Special Commission to Study Boston Budget and Appropriating Procedure. Submitting a brief relating to budget practices of the City of Boston.
- Jan. 17, 1940. To the Special Commission to Study Boston Budget and Appropriating Procedure. Submitting a brief relating to budget practices of the School Committee.

Respectfully submitted,

CHARLES M. STOREY, *Chairman,*

JAMES E. MAGUIRE,

DAVID LASKER,

JAMES H. FLANAGAN,

ELIAS F. SHAMON,

*The Finance Commission.*

ROBERT E. CUNNIFF,

*Secretary.*

193 52. 1744a15

# THE FINANCE COMMISSION

OF THE

## CITY OF BOSTON

Mar 8, 1941

REPORT TO THE LEGISLATURE FOR THE  
YEAR ENDING DECEMBER 31, 1940



CITY OF BOSTON  
PRINTING DEPARTMENT  
1941





# THE FINANCE COMMISSION

OF THE

## CITY OF BOSTON

---

REPORT TO THE LEGISLATURE FOR THE  
YEAR ENDING DECEMBER 31, 1940



CITY OF BOSTON  
PRINTING DEPARTMENT  
1941



# REPORT TO THE LEGISLATURE.

---

BOSTON, January 31, 1941.

*To the Honorable the Senate and House of Representatives  
in General Court Assembled.*

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission of the City of Boston submits its annual report for the year 1940.

## I. ORGANIZATION OF THE COMMISSION.

There were no changes in the membership of the Commission during 1940. Mr. Elias F. Shamon, who was originally appointed on December 13, 1939, to serve an unexpired term, was reappointed for a term of five years on August 21, 1940.

## II. APPROPRIATION AND EXPENDITURES.

In accordance with the provisions of chapter 486 of the Acts of 1909, as amended, the Mayor and City Council appropriated \$5,000 for the salary of the Chairman and \$45,000 for the general expenses of the Commission. The City Government made special appropriations totaling \$31,500 for the investigation of the Boston Elevated Railway Company. All of the expenses for the investigation of the Boston Elevated Railway Company from its beginning in August, 1939, to May 1, 1940, were paid out of the regular Finance Commission appropriation. Expenses for the period from May 1 to December 14, 1940, were paid from special appropriations granted by the City Government. Expenditures from December 14, 1940, to the end of the fiscal year were charged to the Finance Commission's regular appropriation, to which the Mayor and City Auditor transferred an additional sum of

\$1,500 on December 31, 1940. The total spent in 1940 for this investigation from these sources is divided, therefore, as follows:

1940 Regular Finance Commission Appropriation,	\$10,393 03
1940 Special Appropriations and Transfers . . . . .	31,076 30
1940 Total Expenditure . . . . .	<u>\$41,469 33</u>

The classification of the Commission's entire expenditures for 1940 follows:

Permanent employees . . . . .	\$32,210 57
Printing and binding . . . . .	818 02
Transportation of persons . . . . .	40 20
Light and power . . . . .	115 31
Rent . . . . .	5,111 25
Communication . . . . .	384 65
Cleaning . . . . .	72 00
Stenographic, stencils . . . . .	6 00
Fees . . . . .	21 00
Photographing and blueprinting . . . . .	50
Miscellaneous items and repairs . . . . .	33 00
Office equipment . . . . .	136 56
Library equipment . . . . .	123 00
Office supplies . . . . .	479 16
Ice . . . . .	43 50
Miscellaneous supplies . . . . .	12 25
Special investigations . . . . .	41,469 33
Total expended . . . . .	<u>\$81,076 30</u>
Amount appropriated in accordance with statute,	\$50,000 00
Additional appropriation for special investigations,	31,500 00
Total credit . . . . .	<u>\$81,500 00</u>
Total expended . . . . .	81,076 30
Balance unexpended . . . . .	<u>\$423 70</u>

### III. WORK OF THE COMMISSION.

In 1940 the Finance Commission continued the policy of informing itself of contemplated executive acts before



the City becomes committed to expenditure. Suitable inquiry into details was made to the extent which the facilities of the Commission permitted. Whenever the inquiry produced information important to the proper handling of city business, it was promptly offered to those in charge of city administration. Included in this type of work was the examination of

1. orders for purchase of materials, supplies and equipment,
2. orders for work without contracts,
3. specifications and contracts and methods of award of them.

The Commission has also continued to inspect the construction of public works, and the repair and maintenance of city plant; also to co-operate with many city agencies in consideration of methods and means of administration. It is significant to record that not only has the Commission's co-operation apparently been welcomed when offered, but that it has often been solicited. More and more in each year departmental officials are recognizing that the Finance Commission was created to help them, and are looking to the Commission for help.

The amount of labor entailed in a comprehensive examination of city work may be appreciated from the fact that approximately 75,000 orders for work or purchase come to the City Auditor yearly. Under the city's administrative system these orders must be approved by the City Auditor before issuance to a vendor. The Auditor approves issuance only after establishment of the right to spend for the purpose described, and if satisfied that the prices to which the City is committed by the orders are proper. It is in the latter consideration that the Finance Commission's work is most important.

Although the formal reports made by the Commission during 1940 were not so numerous as in some other years, they were the result of long studies, and made up in substance for the deficiency in numbers. With proper

co-operation between the Finance Commission and the city administrators, the Commission's work becomes mostly that of preventing unwise outlay and improving departmental efficiency. Formal reports are necessary only to reveal the disclosures of comprehensive surveys.

The facilities of the Finance Commission are such that these formal reports must be few in number in each year, if the very important work entailed in the examination of executive orders before issuance is not to be neglected.

The Finance Commission offers the following comments on some of the more important undertakings during the year:

#### 1. THE BOSTON ELEVATED RAILWAY INQUIRY.

Accountants and engineers have been engaged during most of the past year in a painstaking examination of the books and records of the Boston Elevated Company under the direction of the Finance Commission's special counsel, Timothy F. Callahan. The results of this examination will be made known shortly.

#### 2. THE COUNTY INSTITUTIONS.

Within the past few years reports alleging the existence of scandalous conditions in the Suffolk County correctional institutions have seriously disturbed the public's peace of mind. Waste, extravagance, loose control or lack of control, favoritism in treatment of prisoners, and many other charges were made by one group of investigators or another. They produced a temporary sensation. Much was spoken, much was written about them. The man in the street, the speaker on the public platform, writers in the local press and even in the national magazines all took a fling at them. Before long, however, new sensations replaced them in public discussion. Even reports of scandalous conditions in institutions of other counties and other states helped to take the spotlight away from the Suffolk

County institutions. The Finance Commission believes that sufficient time has now elapsed to permit of a more objective discussion.

To judge the administrative quality of any institution by the cold figures of its expenditure is likely to lead to false impressions. In comparison of costs some county institutions in Massachusetts show up much better than others. It does not necessarily follow, however, that the reason for the difference in cost is that the administrators in those institutions which show up best in per capita expenditure try any harder to manage well or with more honest purpose than do those in the institutions which show up less favorably. Size, location, area, character of inmates, industrial activity, average length of stay of inmates, physical condition of inmates during term of imprisonment, and physical condition of the prison plant itself affect vitally eventual cost quite as much as the capabilities of administrators and the degree of inclination to provide good management. Nevertheless, the managers of some county correctional institutions appear to be doing an effective job at low cost. The example set by them should be copied, and the good results obtained should be the objective of the managers of all others.

The Finance Commission and others have revealed that the House of Correction for Suffolk County at Deer Island is far from being a model institution. The Commission contends that under present laws, customs, and political conditions, and in its present physical condition it can never be a model institution.

The responsibility for management in this institution is complicated by a spread of authority among many official agencies. Under general county law, a warden or a keeper is given charge of each jail. In Suffolk County the corresponding official is known as the "Master of the House of Correction." However, the "Master" in Suffolk County is subordinate to a Boston Penal Institutions Commissioner who is the responsible head of a city department the major function of which

is the operation of the House of Correction. The Master of the House of Correction, therefore, can administer the affairs of his institution only to the extent which the Penal Institutions Commissioner permits. The Mayor of the City appoints the Penal Institutions Commissioner and can dismiss him at will; therefore, the Mayor's desires in House of Correction management must be reckoned with by both the Penal Institutions Commissioner and the Master. The City Council has joint authority with the Mayor in making appropriation for the House of Correction. The Council also has the duty to inspect it from time to time. When performing either of these functions, the City Council has broad power of investigation. Therefore, the City Council's desires in House of Correction administration must also be reckoned with by the Master. State officialdom comes into the picture. The State Commissioner of Correction has complete control of industry at the House of Correction and has supervisory authority over other details of operation. The State Commissioner, therefore, must be reckoned with by the Master. Such division of control makes efficient administration difficult if not impossible.

Another cause of the serious situation on the Island lies in the character of the inmates. The courts decide what convicted persons will be sent to the House of Correction, and the Master must take whoever is sent there whether the person really belongs there or not. The Finance Commission has repeatedly revealed that the type of persons committed to the Deer Island House of Correction accounts in no small measure for its unfavorable operating record and for its poor results in reforming criminals. The statutes, supposedly, determine the types to be sent to particular jails. Prison officials of long experience have claimed for years that almost half the inmates at Deer Island belong in other institutions, some in State Prison, some in state hospitals. This is often due to the fact that judges or juries in Suffolk County convict for a lesser degree of



crime than was apparently committed. In many such instances a person who might be classified as a dangerous criminal is thus sent to an institution which was not developed to handle a case of this character.

Justice tempered with mercy now decrees that unless conviction is for a very serious crime, or the convicted person is a persistent offender, he must be given another chance. The present workings of our highly developed probation system, and the legalized custom of suspending sentence eliminates the actual commitment to Deer Island of the majority of light offenders. Because of these factors too large a proportion of those forced to sojourn in the Deer Island House of Correction for any great length of time are not of the type which this simple "workhouse" was intended to contain. Yet, Suffolk County House of Correction has only the ordinary facilities of "a workhouse", and has little real work for all because of the large number of inmates and the peculiar condition of the plant.

Serious offenders and mentally weak malefactors require a great deal more care, and cost more to keep than light offenders. They must be more closely guarded. Their prison comfort must be given more attention. Men undergoing long periods of penal servitude, with its prospect of facing trial for other crimes when the current sentence is served, are less likely to be satisfied with conditions less than perfect than those who are there for a short stay only. Dissatisfaction with prison fare, or warmth, or service of various kinds is always likely to result in serious trouble. It requires greater financial outlay, therefore, to keep hardened offenders peaceful, and sick prisoners satisfied.

Yet the physical condition of the Deer Island House of Correction has been unsatisfactory for many years. The buildings are old and scattered, and have been poorly kept because funds have not been ample for suitable maintenance. Prisoners of all types are mingled without proper segregation. When the institution was constructed, it was not foreseen that the dangerous

character of so many inmates would ever make it necessary to segregate the population by types, and house and work and guard them accordingly. Therefore, facilities for such segregation were not provided.

Boston taxpayers are imposed upon by special legislation which requires them alone to bear the cost of operation of the House of Correction of Suffolk County despite the fact that other municipalities make use of it.

The Charles Street Jail is another Suffolk County institution, serving a purpose very similar to the intended purpose of the House of Correction, yet its direct management is in other hands. Within a few years the Finance Commission made a survey of its administration. While no evidence of scandalous conditions was found at that time, management methods were not of the best. Although report of that survey was made a public record and was sent to official agencies having responsibility in one way or another for the management of the Jail, the danger signal it contained was not heeded. The now partially forgotten jail scandal of 1939 might have been averted had adequate attention been given to the disclosures by the Finance Commission of flaws in its management methods.

When public interest in this 1939 Jail scandal was at its height, a controversy arose between city and state officials as to who was responsible. To many informed observers, it was like "the pot calling the kettle black". Several had control or jurisdiction in some form or other, but all had neglected to exercise it.

In this situation the Finance Commission made an attempt to obtain action which would result in eliminating the possibility of a repetition of the situation. The Commission made an exhaustive study of the statutes relating to management. It was extremely difficult, if not impossible, to analyze and reconcile the numerous statutory enactments relating to the subject. Many officials had been given supervisory power over this institution, and this fact was used as excuse by each of them for any failure to do his duty. The present

conglomeration of statutes relating to the Jail is the result of one hundred years of tinkering here and there with the law.

There is no question but what the laws need revision, codification, and clarification. Any one of three public agencies, viz., the City Law Department, the State Attorney General's Office, or the State Department of Correction, might properly assume it to be its duty to undertake this revision. None, however, has moved in that direction. Governor Saltonstall has now begun action along this line by reference of the report of the Finance Commission thereto to the Legislature.

The Finance Commission believes that if the state is not to acquire the Deer Island House of Correction, there should be an entire reorganization of the control of the Charles Street Jail and the House of Correction. Both should be operated by one and the same agency. Such a reorganization can only come by way of a revision of the laws relating to them.

### 3. MERIDIAN STREET BRIDGE.

The Finance Commission has spent considerable time and energy during the past two years in efforts to obtain reasonable improvement in the bothersome conditions relating to the ancient bridge between East Boston and Chelsea known as the "Meridian Street Bridge." This bridge has been a part of a main highway to Boston from Chelsea for almost a century.

It was originally built in 1856 and much of the original structure is still in use. A temporary draw was built in 1912 and that also is still in use.

The poor condition of the structure and the difficulty it presents to safe navigation through the draw have been causes of annoyance for many years.

City bridge officials have been worried by the fear that parts of it might collapse. Ordinarily, fifteen years is about as long as it is safe to use a temporary draw bridge. This temporary draw is now twenty-nine years old.

Heavy use is made of the bridge by ordinary vehicular and pedestrian traffic, and also by the trolley transportation companies which have served Chelsea. The main trolley lines from Chelsea to Boston make the crossing here to be routed through the East Boston trolley tunnel to Boston Proper.

Waterbound transportation in Chelsea Creek is extensive and serves many oil refineries and storage plants. Shipping interests have had justifiable cause for complaint in the situation. Safe passage through the drawspan of the bridge has been difficult, though few accidents have occurred. Navigators, however, have complained that the danger of accident is greater than they should reasonably be expected to encounter.

Local war department engineers brought the situation to a head by ordering the City to provide a new and wider horizontal clearance at this point in the Creek. In substance, this order meant one of two things. Either the present bridge must be razed and not replaced, or must be replaced by a bridge of a type which would cost much more than the City of Boston can afford to pay.

The Finance Commission encouraged the Mayor to seek modification of the war department's order. The Commission enlisted the cooperation of organizations and individuals interested in civic betterment in an effort to convince the department that the physical condition of the present bridge can be improved and the difficulty of navigation in the Chelsea Creek at that point can be eliminated by a less expensive method than that called for by the order.

The combined forces, thus organized, secured a reopening of the matter which took the form of a further hearing at which the City's case could be presented. The hearing was held and at that time Public Works Department officials offered several alternative plans, any one of which would cost much less to execute and would give a measure of safety both to the users of the highway and to the navigators in the Creek.



When all who desired had expressed their views, it was decided that city engineers and war department engineers would confer "in chambers" and work out a solution satisfactory to all parties to the situation. There the matter still rests. There have been no conferences on this matter since the date of the hearing, December 17. Other matters considered of more importance to the National Defense Program have superseded it in discussion between city and federal agencies. A drastic order, compliance with which might entail expenditure of millions, therefore, still faces the City.

City administrators have often complained that organizations interested in civic betterment confine their efforts to criticism of city expenditure. In this particular situation, it was the united representations made by the civic agencies more than anything else which created the opportunity for the City to obtain a compromise with the War Department. Since the original order is still outstanding, the next move is now up to the city administrators.

One consideration which the Finance Commission believes the city administration should keep well in mind in negotiations with the War Department is that no large sum of money should be invested in any make-shift plan. Such an alleviation of the present situation will only make certain that the City will be facing the same situation all over again within a year or two.

Because of the locus of the bridge, and its importance as a communicating artery between facilities needed for National Defense, the Finance Commission has suggested that the City of Boston seek as an element in a suitable solution financial aid from all beneficiaries of a bridge at this point. The Federal Government, the State of Massachusetts, the municipalities along the Creek, and the oil companies which make almost exclusive use of Chelsea Creek, all have vital interest in the situation. The possibility of obtaining financial assistance from all of these interests has not been sufficiently explored. The Commission believes that adop-

tion of any definite plan to strengthen the Meridian Street Bridge and to ease navigation in Chelsea Creek should depend on who is going to pay for it.

#### 4. CENTRALIZATION OF CITY LAUNDRY WORK.

The annual laundry bill of the City of Boston runs well into six figures. It consists of many items of expenditure, such as pay rolls for operators of laundries, bills for purchase and maintenance of equipment, for maintenance and repair of buildings, and for trucking, as well as bills from private launderers for cleaning towels, coats, uniforms, bedding, blankets, etc.

Each city and county institution operates its own laundry plant. The work of each plant is confined to the laundry of the institution of which it is a part. Other city departments pay private contractors for laundry work in large or small amounts. In some instances the work is given to the lowest bidder in public competition. In others it is given without competition to the most influential salesman who solicits it.

Complaints often reached the Finance Commission that some city or county laundry plants were inadequate, or were little used; that some were unduly expensive to operate or were in a dilapidated condition. Competitive laundrymen complained that prices for work given out without competition were excessive, and that no effort was made to obtain the best prices by obtaining competition for the consolidated business of the City.

None of these complaints was of merely recent origin. Some of them were pressed so strongly a decade ago that when a new laundry plant was being planned for the City Hospital, it was decided to make room in the plant for not only a consolidation of the laundry work of the City Hospital and all its divisions, but to take on the work of some other city departments. The plant was built accordingly, but no consolidation of

work followed. The new hospital laundry handles only the laundry of the main hospital building, yet complaint still comes that the cost is greater than ever, and that the laundry service is inadequate. Hospital executives and laundry executives have at different times and places blamed each other for the situation. The traditional hospital custom of divided authority has prevailed here also.

Because of the volume of complaint relating to the laundry business of the City generally early in 1940 the Finance Commission undertook to find a remedy. The Mayor's Survey Committee had sponsored a survey of the city laundry business by a recognized expert in laundry operation. He had reported that, by a transfer of laundry machinery, from institutions where it was not needed or was not giving maximum service, to more advantageous locations, by the purchase of some new equipment, and by a general reorganization of the laundry work, including the application of the city hospital plant to the use for which it was intended by its planners, substantial savings could be made and service complaints eliminated. He reported that an expenditure of \$114,000 for reorganization and new equipment would effect an annual saving of \$49,000.

The Finance Commission tried to obtain action on this report by sponsoring a conference with the Mayor, the Survey Committee, the expert who had made a study for the Survey Committee, and one retained by the City Hospital executives. It was the unanimous conclusion of this conference that the city hospital laundry could be expanded to include the work of all its own divisions and the work of some other departments. However, the question of who would operate the expanded laundry was never satisfactorily settled. The Finance Commission contended that, since the city hospital executives had proven incapable of providing satisfactory laundry service for its own needs, the control of this plant should be vested in some other department or official, preferably the Park Commis-

sioner, because he had furnished the laundry service to his department in a satisfactory manner.

Hospital executives interposed objection to the whole plan. Specious arguments were offered against it, the most serious of which was that the mingling of hospital laundry with that of other departments would spread disease. Laundry experts, including the expert employed by the hospital executives, disputed this claim. Experience in many outside hospitals has already disproved it. Experience in the Boston City Hospital disproved it because the present hospital laundry has laundered the linen used by patients with every variety of disease without having spread infection. Nevertheless, this attitude of the Hospital Trustees slowed up efforts to obtain the improvement sought.

Another expert was later brought into the picture by the Survey Committee. Whereas the first expert showed how \$49,000 per year could be saved by an outlay of \$114,000, the second one showed how \$110,000 could be saved by an expenditure of \$45,000. In either case the saving would pay the cost of new equipment in short time.

Some improvement has resulted from the Finance Commission's efforts. Some institutions have been given machinery which they badly needed, and which they could utilize to better advantage than its previous possessor. However, the Commission's main objective, namely, to centralize laundry work in the city hospital plant, which is capable of handling much more work if properly organized, has not yet been achieved.

## 5. THE POLICE DEPARTMENT.

The Finance Commission made two reports relating to police cost during the last year. In the first, the Commission confirmed the oft expressed opinion that Boston police cost is high when compared with the cost in the other large cities of the country, though it revealed that it does not necessarily follow from this fact that police cost in Boston is unjustifiably high.



In the second report, however, the Finance Commission disclosed that there are many opportunities for readjustment of the man power in the Boston Police Department which would reduce the total police cost.

What prompted the Finance Commission to make this survey was the request of the Police Commissioner for a sizable increase in patrolmen. The validity of his claim was dependent on the contention made by him and his predecessors that the all-time high of 2,149 patrolmen found in 1930 was the proper quota and the number to which he was entitled.

Historical analysis shows the weakness of this contention. Such an analysis discloses that from the beginning of the single commissionership in 1906 the number of patrolmen had rapidly increased until the all-time high of 2,149 was reached in 1930. Only then did anything like reorganization and efficient assignment of men take place. From 1930 on, the Department operated successfully with less men because thought had been given and steps taken to modernizing police technique. Thus it appears that the organization changes in the Department greatly reduced the number necessary to staff the Department.

Furthermore, as the survey of the Police Department's actual operation progressed, the full realization of the relation of personnel needs to organization and program became more and more obvious. Examination of the assignment of every man in the Department revealed that there are certain structural defects in the organization, and that many activities on the work program of the Department cannot be called proper police work, yet absorb much man power.

Nevertheless, many people want some specific number set as the number of patrolmen necessary for the needs of the Department. Such a thing is impossible to work out at this time. In the first place, there is no such thing as a formula for determining adequate patrol strength; secondly, and this is most important, not even a proper minimum or maximum can be set so

long as the Department carries on a work program which goes beyond the proper scope of police work.

Reductions in the number of patrolmen will result from trimming the present program down to actual protective patrol needs. Such reductions will be further increased by adoption of certain suggestions contained in the report, namely: that respective functions of the hierarchy of officials in the Department bear a closer relation to their titles and that certain defects caused by an overlapping and duplication of functions be corrected.

The Commission suggested that it might be a good plan to adopt the policy of periodic rotation of the man power. The police officials have always boasted that theirs is a military organization. That being so, military methods should prevail. One policy which military organizations have found necessary to discipline, education, efficiency, and good order, is the policy of rotating officers periodically. It might promote efficiency in the Police Department to try it. It might well result in less cost.

The Finance Commission has analyzed the Police Department assignments and indicated the necessary improvements. It now remains for the Police Department to "see the light." Many outside and inside the Police Department have indicated whole-hearted sympathy with the objective of the Commission in this study, which was to try to discover ways by which the police cost can be reduced. The demand for reduction is more or less unorganized, but is nevertheless substantial, and will continue until better results are shown.

One feature of the Commission's findings which has been discussed very freely by the public since issuance of the report relates to the "junior police." Some competent observers hold the opinion that the various activities of this organization are not such as a police department should sponsor and manage. Some also hold the opinion that, if substantial results of the kind desired are to be obtained by police management of this organization, it will require a much larger personnel of

police officers than the city can afford to provide. On the other hand, opinion favorable to continuance of the present "junior police" program by the police department has been expressed by others.

The Finance Commission presented the facts about it for the purpose of directing public attention to it, and to provide wide discussion of it. As is true of almost every kind of service the city attempts to give, and of many other kinds which are advocated from time to time, the objective of the "junior police" program is a good one. However, the proper place for it in governmental administration, the ultimate cost of it, the possibility of obtaining results which will justify the cost, and the ability of the city to pay for the cost should be carefully considered.

The Police Commissioner expressed entire satisfaction with the Finance Commission's discussion of the "junior police" before the report was given to the public.

## 6. INVENTORY OF CITY EQUIPMENT, SUPPLIES AND MATERIALS.

Three years ago the Finance Commission revealed in a report to the Mayor the necessity of installing an inventory system for the City. It must have surprised many to learn in that way that the City of Boston was spending millions every year for the purchase of supplies, materials and equipment without knowing what actually happened to such purchases. It was not only that the accounting methods of the City did not contain a modern inventory system, but that it had no inventory system at all.

There was no place where anyone could go except to the bills on file in the Auditor's Office to obtain reliable information of what had been purchased. There was no centralized record of what had been consumed in city work, or remained the property of the City. The Auditor, without funds or facilities to make an actual inventory, had for years made a list of the

equipment owned by the City a feature of his annual report. This list was made up each year and furnished to the auditor by the departments individually. No use was made of it other than publication in the Auditor's annual report. Some department officials attempted to furnish accurate lists. Others were less conscientious. Yet no question was ever raised as to the accuracy of the lists furnished, and no comparison of the lists from year to year was ever made for the purpose of ascertaining whether the City still possessed all the property which it should have. There was no reference to the current list when new purchases were sought.

In showing the need of a modern inventory system the Finance Commission used the striking illustration of one city department buying a steam roller while steam rollers were rusting in the yards of other departments. Similar disregard of opportunity to obtain equipment without new purchase was often repeated. At the time of the Finance Commission report, tools — large and small — were being purchased by the thousands for W. P. A. projects as well as for regular city maintenance. There was no system to account for the use or disappearance of any of it. If a department head wanted to know what equipment was actually existent in his department, it was a special task to investigate and count and list. He had no other means of knowing what should be there. It is well known that often in the past some contractors were spared the necessity of buying their own equipment by having access to city equipment.

The City Auditor began the compilation of this long needed accessory to businesslike management, an inventory, by directing a W. P. A. project to list all articles of furniture and office equipment and to label them as city property. He installed a system of recording new purchases of that type of articles, and elimination of it by any means. This system will provide a record of the property the City possesses at any particular time only if care is taken to maintain its



accuracy. Conceivably it can reduce city operative costs if use is made of it when funds are requested for departmental maintenance and requisitions for purchase are being scrutinized. It must be available to, and used by budget making authority, and purchasing authority.

A reliable inventory of consumable supplies and materials is no less important. A step in the direction of providing one has been taken, but to date it has amounted to little more than a step. An accounting firm has been hired to prepare a W. P. A. project to lay out and install a system. The local representatives of the W. P. A. have eventually approved the form of the project. That is as far as it has progressed. Approval by higher officials of the W. P. A. in Washington has not yet been forthcoming.

It is estimated that the installation of a reliable inventory system for the City of Boston will cost upwards of \$100,000, which it is hoped the Federal Government will advance.

#### SNOW REMOVAL.

The blizzard which visited Boston on St. Valentine Day of 1940, generally regarded as the worst snow-storm the City has experienced in the last half century, provided a severe test of the city's snow removal forces. On the whole they failed to meet the test.

After making due allowance for the lack of warning of the storm, the heavy fall of snow, and the gale which accompanied it, resulting in the worst piling up of snow on streets and sidewalks witnessed since the blizzard of 1898, the fact nevertheless remains that clearance was unnecessarily slow and its cost unwarrantedly high.

For the first time in decades business in the City Proper was completely suspended for almost twenty-four hours after the snow ceased falling. For many days more, merchants, shoppers, artisans, men of all professions, had the greatest difficulty in moving about in their ordinary pursuits. The streets were practically impassable. After three or four days, the central

business areas were cleared sufficiently to allow complete resumption of business, but the residential streets were clogged with snow piles for a week or ten days thereafter. Many thousands of dollars were paid to shovelers who did little shoveling, for trucks which could not plow, for shovel equipment which disappeared almost as soon as issued to workers.

The city administrative organization was unprepared for such a visitation of nature. The meager forces ordinarily assembled to clear up after a storm were totally inadequate for this emergency. Even such as they were, they were not brought into use until too late to accomplish quick relief.

To cope with any sizeable storm a comprehensive plan of attack must be carefully prepared in advance, and executed in the emergency with swift and sure judgment if the public interest is to be adequately safeguarded. The Finance Commission found that at the time of last year's storm there existed no carefully worked out method of attack which could be put into operation immediately after the intensity of the storm was realized. Furthermore in many important respects, the judgment of city officials in directing clearance was seriously at fault.

The Finance Commission made a careful survey of the conditions the City faced and how they were met, and reported its findings. This report emphasized that the city administration must immediately work out a plan which would prevent a repetition of such an experience and offered many suggestions in relation thereto. Eventually, a plan embracing a more scientific organization of the city forces and a more reliable method of obtaining assistance was developed. Although the suggestions of the Finance Commission were adopted only in part, nevertheless the Commission was satisfied that, with capable supervision and with the exercise of good judgment by directing authorities, the new plan would make prompt clearance possible after any storm Boston is likely to experience.

A test was given to the new system in the ten-to-twelve-inch snowfall of January 24 and 25 of this year. The results were unsatisfactory. Fortunately for business and industry in the City, the storm came at the week end and, when business would naturally be on a holiday. Fortunately also, what wind there was with the storm did not force the snowfall into huge packed drifts as was the case in the February 14, 1940, storm.

The plowing of streets was ordered early enough, but the actual plowing was inadequate. The start of the removal was unreasonably delayed. The result was that there was complete clearance within a short time only in a few spots in the central business section. In the majority of the streets in the central business section and generally in the residential sections for several days people were forced to plod through four to eight inches of heavy snow. The Finance Commission believes that this condition might have been avoided by a better handling of the task of clearance.

There has been much complaint that trucks with plows attached were run over the same street many times without making much of a path; that on many streets the path made was wide enough to permit passage for only one vehicle at a time. There are many stories that plowmen kept the plow blade so high that after the first trip through a street the plow did not thereafter touch the snow. It was reported that many trucks used for plowing were in such poor shape that this was all that could reasonably be expected of them. The conditions throughout the City in the days following the storm confirm these criticisms.

Where the contractors worked removing snow, it was very evident that their work was motivated more by a desire to run up a big bill than to do a good job of clearance. They touched only the easily removable snow, leaving in many places a hard packed coating as much as six inches thick, which was not so easy to remove, for city emergency men to shovel away.

Routes to dumping places were not adequately plowed. The traffic tie-up which resulted delayed snow-loaded trucks, as well as all other traffic. Some meager effort was made to keep automobiles out of downtown streets until reasonable clearance was obtained, but little was accomplished in this direction. The plowed space in most streets was promptly used for parking cars.

It is obvious that the best possible plan of snow clearance will not work well unless the execution of the work is directed with good judgment. The timing of the plowing is very important. However, the equipment to which the plow is attached must be capable of pushing the plow through the snow or most of the fee paid for hire of trucks is wasted. Obstructions like parked cars only serve to help contractors obtain much for small accomplishment.

Although the City's record in handling this 1941 storm was far from perfect, it represented a substantial improvement over the performance of a year ago. It is to be expected that the lessons learned this year will bear fruit in the next test.

#### IV. THE FINANCIAL CONDITION OF THE CITY.

Inasmuch as the present administrative control in municipal affairs is entering upon its fourth and final year, it is timely while giving the financial picture as it exists at the end of the third year, to show the progress made during the past four years. Such period will include one year of the last administration. In some respects the City is better off than at the beginning of the present administration. In others, the picture is not so good. On the whole, the taxpayers, and particularly those interested in the future of the City, have much to worry about.

As has been customary for several years, the Commission here offers simply the final figures of maintenance cost, tax collections, property valuations and city



debt. Little comment is needed on any of these features of the financial picture. The figures speak for themselves.

### 1. MAINTENANCE EXPENSES.

Total maintenance cost of city departments, exclusive of the School Department, were higher by over \$600,000 than in any previous year of the present administration, and higher by \$1,600,000 than in the last year of the preceding administration. Because many are interested to know how maintenance expenses have varied in the three years of the present administration, and also how they compare with the situation in the last year of the preceding administration, the total charges for maintenance for those years are given herewith.

#### CITY MAINTENANCE EXPENDITURES.

	1937.	1938.	1939.	1940.
Total Maintenance.....	\$39,317,275	\$39,787,509	\$40,270,840	\$40,944,184
Welfare Expenditure Exclusive of Long Island Hospital Serv- ice.....	12,129,560	12,919,491	13,895,799	14,063,508
Maintenance, Exclusive of Wel- fare.....	27,187,715	26,868,018	26,375,040	26,880,576

In the foregoing comparison the item marked "welfare expenditures" includes disbursement through the Public Welfare Department for child welfare in the Institutions Department, through the Soldiers' Relief Department, and through all departments for the city's contribution to W. P. A. activities. The expenditure for maintenance of the infirmary and hospital at Long Island, and for the central office and the steamers which serve Long Island are included in the "Maintenance, Exclusive of Welfare" item. The picture changes slightly if allowance is made for an expenditure in 1940 charged to the Institutions Department for a new dormitory at Long Island, which is a capital expenditure. The amount so charged was \$44,744.55.

Besides revealing that total maintenance cost is still rising, other striking features of this exhibit are, first, that welfare expenditures were higher in 1940 than in any of the other three years, and, secondly that while maintenance expense for other municipal service was less in 1940 than it was in 1937, nevertheless, it was higher in 1940 than in 1938 or 1939. It will therefore be disappointing to many to learn that the gains made in 1938 and 1939 in reducing maintenance costs, exclusive of welfare, were wiped out in 1940, and that welfare cost continued on an upward swing despite improved general business conditions.

#### SCHOOL MAINTENANCE.

Cost of maintenance of the city's educational system has continued to decline. In each of the last three years, the final result was a smaller total cost than in the year preceding. The amount of these reductions may be seen in the following figures:

1937.	1938.	1939.	1940.
\$17,093,890	\$16,712,649	\$16,505,426	\$16,378,229

The decrease in maintenance cost has been slightly more than 4 per cent.

During this same period, the total pupil enrollment of the schools decreased as follows:

#### TOTAL ENROLLMENT.

1937.	1938.	1939.	1940.
131,635	127,005	123,924	120,447

The decrease in enrollment has been slightly more than 8 per cent.

#### COUNTY MAINTENANCE.

The maintenance cost of the County activities, which, in Suffolk County, are borne entirely by the City of

Boston with no contribution from Chelsea, Revere and Winthrop, have shown a \$90,000 reduction in 1940 from the cost in 1939. Nevertheless, they were higher in 1940 than in 1937 or 1938.

The figures of county maintenance follow:

1937.	1938.	1939.	1940.
\$3,601,538	\$3,583,795	\$3,724,485	\$3,634,754

In large measure the increase in the cost of maintenance of the enlarged county court house is responsible for the greater cost in 1940 than in 1937 and in 1938.

#### WATER SERVICE SURPLUS AND SUMNER TUNNEL DEFICIT.

Receipts for water service in 1940 were greater than the cost of supply, but the surplus was considerably less than in each of the preceding two years. On the other hand, the receipts in 1940 from tolls in the Sumner Tunnel to East Boston continued to show improvement.

#### WATER SERVICE BALANCE.

The net result of the operation of the water service in the past four years was as follows:

1937	. . . . .	\$54,399.27 — deficit
1938	. . . . .	\$654,998.45 — surplus
1939	. . . . .	\$866,683.12 — surplus
1940	. . . . .	\$418,454.34 — surplus

The above figures reveal that in each of the past three years the receipts have been substantially in excess of the costs. This has provoked the query in the City Council as to why the water rates should not now be reduced. Obviously water consumers should not be compelled to pay more than fair cost, but on the other hand City officials must not be too hasty in ordering reduction.

Under the statutes, water rates are intended to cover costs and no more. In fixing the rate to be paid by

consumers, the City must establish a rate which will insure the receipt of enough funds to pay cost of distribution, capital charges, metropolitan water assessment, and all other items properly chargeable to water consumers. Because all water users do not pay their bills promptly, and some do not pay them at all, it is necessary for the City to include in the rate charged a percentage to cover delinquency. Since the actual delinquency varies from year to year, and much of it is due to conditions which the City's agents cannot change, it can be expected that in some years there will be a surplus and in other years there will be a deficit. If the rate charged produces a sum greater than the cost, the surplus can only be used to retire debt. It must first be applied to water debt which has become due. Any sum left over may be used to retire any other city debt.

If the receipts were to continue indefinitely to exceed the costs as they have done in the last three years, obviously it would be proper to reduce the rates. But the receipts of last year for last year's service were not greater than last year's costs. The total amount charged water users in 1940 was \$4,654,015.22. The amount received on this account to December 31, 1940, was \$3,591,916. At the end of the fiscal year, therefore, the amount of the 1940 assessments actually received was more than \$1,000,000 short of the total assessment. The surplus was brought about by the fact that in 1940 more than \$1,000,000 was received from water users who were delinquents at the beginning of the year. During the past two years extra effort has been made to collect the over-due charges. To a great extent this extra effort is responsible for the better financial picture at the end of each of the last three years. It is noteworthy that in 1939 when the drive for the collection of the old accounts was at its peak, the surplus at the end of the year was more than twice the amount of the surplus in 1940. It is likely that the surplus at the end of 1941 will be much less again, if there is any surplus at all. Old accounts are now pretty well liquidated.



In the five years previous to 1938 there was a substantial deficit in each year. The slow accounts of those years have now been brought up to date in great part. From now on it will require greater diligence to make receipts for water meet the costs of supply of it even if no tendency develops to fall back into the condition which obtained previous to 1938. Therefore, it cannot yet be clearly seen that the water rates should be reduced.

#### SUMNER TUNNEL.

The receipts from tolls collected in the Sumner tunnel came a little nearer meeting cost of operation and financing charges than in previous years. The situation at the end of each of the last four years was as follows:

1937	. . . . .	\$453,479 — deficit
1938	. . . . .	\$437,808 — deficit
1939	. . . . .	\$365,045 — deficit
1940	. . . . .	\$305,525 — deficit

The receipts in 1940 amounted to \$960,384.66. Operative costs amounted to \$229,635.64, and debt charges to \$1,036,254.75, making total charges for operation and debt of \$1,265,909.89. The charges, therefore, were \$305,525.23 in excess of receipts. During the year, the City received a contribution of \$50,000 from the State on account of the deficit in 1939, and under proposed legislation will receive another contribution of \$50,000 in 1941 on account of the 1940 deficit.

#### 2. TAX COLLECTIONS.

The City made a substantial gain in collection of assessments on real and personal property during the year 1940. In the years previous to the depression, a total collection as of December 31 of approximately 85 per cent of the current levy was regarded as normal. During the worst of the depression years, the lowest level in percentage reached within the similar period was 69.796 per cent. Although collections in 1940 were still much below the normal percentage of the pre-depression

era, yet they were better than in any year since the depression began. The gradual improvement in the past four years is shown in the following table:

	1937.	1938.	1939.	1940.
Levy.....	\$61,554,079	\$64,031,829	\$60,839,759	\$60,219,318
Amount of above levy collected to December 31.	\$44,884,858	\$50,059,439	\$47,318,649	\$48,306,029
Percentage collected.....	72.331	77.460	77.102	79.512
Amount of earlier levies collected in.	\$9,365,452	\$10,549,555	\$9,530,959	\$9,812,534
Motor vehicle excise tax collected.	\$885,994	\$952,138	\$877,268	\$1,003,636

As was true in 1939, the total of collections in 1940 suffered from the fact that the City was unable to collect 70 per cent of the assessments levied on the South Station property and 100 per cent of those levied against the Old Colony Railroad and the Boston and Providence Railroad. Had these assessments been collected, they would have made a difference of approximately one per cent in the total collected. A recent decision of the Supreme Court of the United States (*Palmer v. Webster & Atlas National Bank of Boston*, Trustee, decided February 3, 1941) postpones indefinitely the likelihood of collecting these taxes unpaid on the South Station property and indicates that the obligation to pay them rests upon the Boston and Providence and Old Colony Railroads only. From the point of view of ever receiving these taxes in cash, the outlook for the City is not promising.

A striking feature of the above figures is that in 1940 the volume of collections of the current levy was approximately \$1,000,000 more than the volume collected in 1939 of the current levy, although the levy in 1940 was approximately \$600,000 less than the 1939 levy. Other striking features were the larger volume of taxes assessed in the years previous to 1940 collected in 1940, and the greater yield from the motor vehicle excise tax.

## CITY VALUATION.

The total property valuation which was used in computing the tax rate again declined in 1940. It was the tenth year in succession in which the property valuation was less than in the preceding year, the all-time high having been reached in 1930 when the figures were \$1,972,148,200. The progress downward of valuation figures in the last four years has been as follows:

1937.	1938.	1939.	1940.
\$1,590,544,700	\$1,550,407,500	\$1,524,806,000	\$1,483,234,500

The reduction in 1940 was the largest in any of the four years shown. As a matter of fact, it was the largest reduction since 1934. In the opinion of many competent authorities, valuations on the whole are still too high and will be substantially reduced as the State Board of Tax Appeals continues to file decisions on pending cases. Abatements granted by the assessors or ordered by the State Board of Tax Appeal after the tax rate was declared reduced the valuation used in tax rate computation by approximately \$5,300,000, which compares with similar reductions in 1939 of approximately \$9,000,000.

The total of warrants and appropriations used in the tax rate computation was less in 1940 than in 1939 by approximately \$520,000, which accounts to that extent for the reduction of approximately \$620,000 in the total amount to be raised by taxation which has been previously shown in this report.

New construction authorized by permit from the Building Department, according to the values as given in applications, amounted to \$7,006,527. While this total was almost \$1,000,000 greater than the corresponding total of 1938, it was over \$6,000,000 less than the corresponding total of 1939.

This substantial decrease is attributed to the fact that the 1939 figures included the valuations of four housing projects for which permits were issued in that year. The 1940 figures include the valuation of only one additional housing project. Without the lift given in these calculations by the Federal Housing Projects for which permits were given in 1939, the figures of valuation of new construction in that year would have been \$10,500,000 less than the gross total valuation. The valuation as given in the application for a permit for the one housing project of 1940 was \$744,413. Analyzing these figures reveals that building by private parties, as shown by the applications for permits filed, was approximately 125 per cent greater in 1940 than in 1939.

#### CITY DEBT.

The city debt situation continued to show improvement. The net outstanding obligations on December 31, 1940 were almost \$6,000,000 less than on the corresponding date in 1939. The figures of outstanding net obligations follows:

	1937.	1938.	1939.	1940.
Net bonded debt.....	\$130,156,000	\$132,990,717	\$131,425,837	\$127,751,156
Tax notes.....	23,000,000	14,000,000	12,500,000	11,000,000
Tax title loans.....	7,260,000	8,863,065	7,627,051	6,919,859
	\$160,416,000	\$155,853,782	\$151,552,888	\$145,671,015

The above figures include the Suffolk County debt, which Boston alone pays, and the water, traffic tunnel, and rapid transit debt.

The relation of the net debt, exclusive of enterprise debt, to assessed valuation was 4.52 per cent in 1940, a reduction of only .07 of 1 per cent from the 1939 figure. In the year 1929, when the depression began, the relation was 2.99 per cent. Valuations have steadily declined in the past 10 years, while net debt has increased almost \$10,000,000.



The relation of the total net debt (city, county, and enterprise debt included) on December 31, 1940, to 1940 valuation was 8.61 per cent as compared with 8.62 per cent in 1939 and 5.23 per cent in 1929.

Although the net debt burden the City is now carrying is approximately \$8,000,000 less than when the peak was reached in 1933, the wealth of the City as expressed in assessments on taxable property has decreased \$300,000,000 in the same period.

In 1940, the City retired bonded debt in the amount of \$9,906,000.

In 1941, the amount coming due totals \$9,558,000.

Mr. Lasker approves this report insofar as it is not inconsistent with his minority report of the investigation of the Police Department.

The reports adopted by the Commission in 1940 follow:

1. Feb. 7, 1940. To the Governor of the Commonwealth. Relative to the authority and duties of the numerous officials having jurisdiction over Charles Street Jail and recommending that an over-hauling of the statutes be undertaken so that the extent of responsibility on individual officials may be clearly defined.
2. March 27, 1940. To the Mayor and City Council regarding the work performed by the City's agencies in clearance of city streets after the St. Valentine's Day snow-storm.
3. April 29, 1940. To the Lieutenant Governor of the Commonwealth. Regarding the propriety of the deficit payment to the Boston Elevated Railway Company.
4. May 22, 1940. To the Mayor. Recommending that the laundering service for the City be consolidated under the control of the Park Department in the present city hospital plant.
5. June 19, 1940. To the Mayor. Relating to the cost of the police department in Boston and showing (1) the relation of that cost to the cost of other public service in Boston and (2) a comparison of the police cost in Boston with the cost in the eight other leading cities of the country.
6. Aug. 19, 1940. To the City Council. Regarding a permit for a poultry slaughterhouse at No. 11 Lewis Street, East Boston.

7. Aug. 28, 1940. To the Mayor. Regarding a contract to C. J. McCarty & Company, Inc., for the purchase of an Ingersoll-Rand compressor for the Traffic Department.
8. Dec. 30, 1940. To the Mayor. Regarding the cost of police service in the City of Boston and discussing the organization of the Police Department under a single police commissioner.

Respectfully submitted,

CHARLES M. STOREY, *Chairman*,  
JAMES E. MAGUIRE,  
DAVID LASKER,  
JAMES H. FLANAGAN,  
ELIAS F. SHAMON,

*The Finance Commission.*

ROBERT E. CUNNIFF,  
*Secretary*





































































DEC 31 1941

